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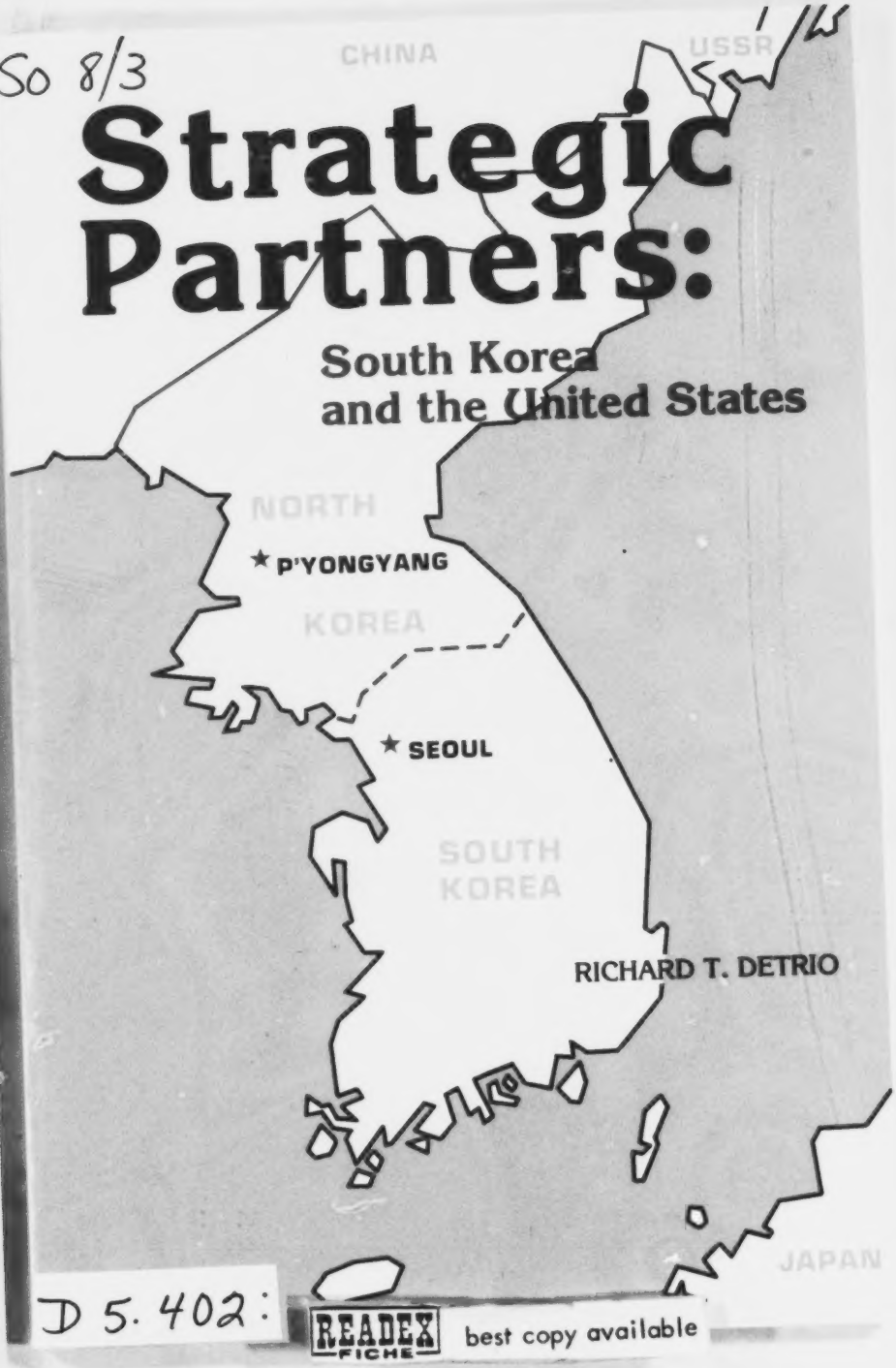

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Richard T. Detrio

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FOREWORD

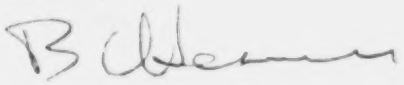
Until 25 June 1950, many in the United States did not know where the Korean Peninsula was—much less consider it vital to our security. On that day, however, communist North Korea invaded South Korea, forcing a change in that thinking. Now, Colonel Richard Detrio writes, the Republic of Korea (South Korea) is not only well known, but an economic power and important participant in Northeast Asian politics.

How did South Korea make the leap from obscurity to center stage in Northeast Asia? And what does the future hold for the special relationship between South Korea and the United States?

Detrio explores these questions in this study, emphasizing the key position that the Republic of Korea now holds in the military balance of power in Northeast Asia. He notes that the realignment of relations between the People's Republic of China, on the one hand, and the United States and Japan on the other, has increased the strategic value of Korea. And another major power, the Soviet Union, has interests in the region, making the Korean Peninsula one of the world's strategic crossroads.

Korea is an ancient land which has undergone much change in a short time, a country whose relationships with other countries are still evolving. This book helps

place South Korea in historical perspective, explaining the shared interests that underpin the US-South Korean strategic partnership.



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Strategic Partners:

South Korea
and the
United States

Korea's Far East Asia position

1. THE UNITED STATES AND THE REPUBLIC OF KOREA: THE PAST

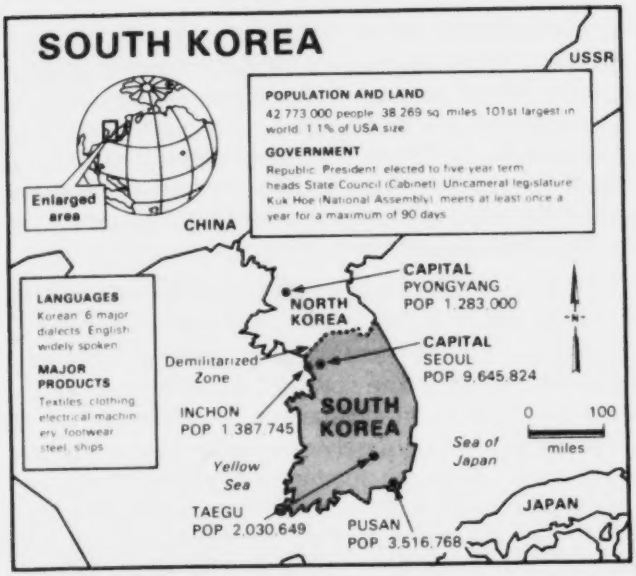
What should the strategic interests and policies of the United States be toward Korea and Northeast Asia? In this book I want to examine the principal elements of national power, and the policies at work, in Korea and Northeast Asia. My aim is to suggest a framework for a rational US policy towards the Republic of Korea. By examining the strategic importance of Korea, and the threat from the North, I hope to make clear the steps the United States should take to protect its vital interests.

The strategic importance of the Korean peninsula is recognized in the opinion of most knowledgeable observers.[1] The Republic of Korea is the pivot about which Pacific Basin politics revolve for the major powers in Asia and for the United States. It serves as a keystone for US defense policies in Asia. Possessing a long and distinguished history and a national identity traceable to medieval times, South Korea impresses the world with its determination to remain free, prosper economically, and maintain a strong defense capability. South Korea pursues its goals as a Western ally in an Asia divided among communist states, neutral states, and Western-aligned

states. No wonder the direction it follows in the next decade and beyond could be the general direction followed by the other Asian nations of the free world.

South Korea is a relatively small nation whose neighbors have larger populations and land masses. The opening map shows its position in Eastern Asia. The size and importance of Russia, China, and Japan have dwarfed South Korea's role in Asia's developments. Even the present combined population of North and South Korea, nearly sixty million people, appears small compared to the more than 800 million living in China. Though slightly smaller in area than the state of Kentucky, its population is roughly equivalent to that of California and Pennsylvania combined, or slightly less than one-seventh that of the United States. Approximately 33 million South Koreans live in an area of 38,000 square miles.

The Korean peninsula, nearly the same size as Great Britain, is more than seventy percent covered by forests and includes high mountains in the north and east. The steep, stately peaks of these mountains have led to the nickname, "the Switzerland of Asia." Yet, as beautiful as the country is, and with the size of its population aside, South Korea draws its strategic significance from its geographic position in Northeast Asia. In geopolitical terms, the Korean peninsula links Soviet Asia and a principal industrial region of the People's Republic of China, through the strategically critical Soviet ally, North Korea, to Japan. Moreover, in the cultural history of Asia, Korea has also served as the same kind of bridge: older Asian civilizations, including the Koreans, travelled down the peninsula to Japan.



Source: Adapted from *USA Today*, 3 June 1988, p. 13A

South Korea: A global and close-up view

In the modern era, US foreign policy in East Asia now focuses sharply on both Japan and its gateway to the continent, Korea, because Korea holds a strategically crucial place in the northern sector of the vast Asian landmass. Bounded on the north by Communist China and the Soviet Union, and only thirty miles from the closest Japanese island, the Korean peninsula is the one area where the interests in Asia of the four great powers (the United States, the Soviet Union, the People's Republic of China, and Japan) converge. Tokyo is barely sixty minutes from Seoul by jet aircraft; Beijing is only fifty minutes away; Vladivostok, in the Soviet Union, only forty

minutes away. Moreover, the United States directly participates on the scene with a force of more than 30,000 soldiers, sailors, airmen, and marines. With its Seventh Fleet patrolling the seas nearby, and thousands of Army troops on the mainland, the United States has a heavy, direct stake in the economy of South Korea. At the same time, the Soviets have a substantial force in Eastern Asia for both defense and power projection.

The key to preserving Japan's independence rests in the survival of a free South Korea. Just as Berlin and Germany are symbols of Western defense in Europe, Seoul and South Korea now play a similar role in East Asia. Our security arrangements with South Korea—the 1954 Mutual Security Treaty and the physical presence of US forces—for over a quarter century have helped prevent violations of the 1953 armistice between North and South. But the efficacy of our military assistance to South Korea may be losing some of its traditional impact. Consequently, American policymakers must determine how much the United States wants to expose its own forces to the growing risk of another Asian land war. To make the necessary determination, US policymakers must balance specific obligations against the specific dangers. Some additional background on the strategic significance of the peninsula, and of South Korea in particular, will help us understand the decisionmaking process.

Once called the "Hermit Kingdom," Korea had been historically a culturally distinct Asian society, resisting domination by outside powers until the beginning of the twentieth century. In 1905, however, during the Russo-Japanese war, Japan seized control of Korea. After formally annexing the peninsula in 1910, Japan ruled Korea

for almost thirty-five years. During World War II, a Korean independence movement (dating from 1919) gained impetus from the 1943 Cairo Conference, which decreed that Korea would become free and independent. When the Japanese surrendered in 1945, the Americans, caught without a definite postwar program for Korea, quickly (even foolishly) agreed to divide the peninsula with the USSR at the 38th parallel. The Soviets wanted to discuss a trustee arrangement with the Americans and the Koreans, but would not allow Syngman Rhee or any non-communist Korean to participate. When that attempt broke down, the 38th parallel became an extension of the Iron Curtain.

EVOLUTION OF THE US-ROK RELATIONSHIP

The United States did not always recognize the strategic importance of Korea. In 1949 and early 1950, the Joint Chiefs of Staff did not consider the Korean peninsula vital to US national security, nor did they think it was essential to the defense of Japan. It seems surprising in retrospect, but even General Douglas MacArthur at first held that view. In January 1950, Secretary of State Dean Acheson told the National Press Club specifically what the policy of containing communism meant and precisely where the free world defense perimeter was drawn—Korea was not included within that perimeter.[2] Perhaps Acheson's statements would have been better left unsaid, or at least left ambiguous. Later, many (particularly the South Koreans) assumed that the speech encouraged Kim Il Sung to attack the South with little fear of a US response. If Acheson's statement was politically hazardous, he was not out on a policy limb; he was only articulating the conventional wisdom of the foreign and defense policy establishment at the time. Six months

later, on 25 June 1950, North Korean troops burst across the 38th parallel into the South. The United States promptly joined the battle, not because Korea had suddenly acquired a new global significance of its own, but because, as President Truman put it, "The attack upon Korea makes it plain beyond all doubt that Communism has passed beyond the use of subversion to conquer independent nations and will now use armed invasion and war."[3]

Only tremendous US support halted the advance of the North Koreans and, later, the Chinese. By June 1951, the United States, North Korea, and the People's Republic of China (PRC) all were ready to accept an armistice line at the 38th parallel. Negotiations dragged on, however, because the communists hoped to wear down the United States and gain further concessions. President Eisenhower pursued a UN-sponsored truce, which he obtained in 1953. One year later, in a bilateral agreement, the United States and South Korea signed a mutual defense treaty. For more than thirty years since that time, US troops and UN observers have been stationed at the border between North and South Korea. And for more than thirty years the United States has remained the ultimate guarantor of the survival of South Korea; the PRC has done the same for North Korea. But the 1980s have witnessed new trends.

Annual ministerial level conferences and exchange visits by chiefs of state demonstrate US intent to keep South Korea free. To reinforce this continuing commitment, in late 1983 Ronald Reagan made his first presidential visit to Asia. The visit came at a crucial time in terms of the security, political, and economic momentum of the Asia-Pacific region and in terms of US relations

with the region's nations. The president's trip, a good opportunity to set the course for future national interests, also underscored America's concern for Asia and the Pacific. That part of the globe had often been given a lower priority by past administrations than other geographic areas, especially Europe. In fact, the trip reflected a greater interest in Asia on the part of the American people and a greater understanding of Asian nations.[4]

The United States now recognizes the strategic importance of the Republic of Korea, especially since this country has fought its only two wars of this generation in Asia. In addition, the United States now trades more with Pacific countries than with Western Europe. Continuing good relations with Northeastern Asia and seeking creative solutions to both economic and political problems are essential parts of US foreign policy. Today, the United States must closely coordinate its policies with Asia's economic and political developments. This means competing with the economically dynamic Asian nations according to established rules. The alternative is to reduce our economic contacts, especially trade—a decision that would be potentially disastrous to America's future global leadership and likely to produce economic depression and cultural isolation.

The United States is thus embarking upon an "Asian Century," focusing on the largest and most dynamic, though highly volatile, area of the world. Divisions between communist and non-communist countries in Asia, caused not only disparities in economic, political, and cultural development, but also disagreements and tensions. Nevertheless, in Central America, the Middle East, and Western Europe, the Reagan administration

has proved that the "Vietnam syndrome" is now much less of an impediment to American resolve in facing the communist threat. Although the United States could use similar resolve in Northeast Asia, it also should avoid moralizing to its allies.[5]

American commitment to Asian security and expanding participation in Asia's growing capitalist economic system would contribute greatly to the ability of non-communist Asian nations to develop politically and grow more important as allies. The Republic of Korea is one of the United States' most supportive allies in Asia. Korean foreign policy and security interests, by closely matching those of the United States, have helped strengthen the close ties between the two nations. The Korean government is enthusiastic and optimistic about the future of its economy, international prestige, and political development. Two fairly recent stability-threatening tragedies have taxed its will and tested its maturity: the downing in September 1983 of Korean Airlines Flight 007 by the Soviet Union and the killing of a number of high-ranking Korean officials in Rangoon, Burma, a month later. The proven North Korean involvement at Rangoon, plus the continued threat of military invasion from the North, dictates continuing the kind of steadfast support and encouragement that contributed to the great success of the 1988 Olympic Games and the orderly development of more democratic government in South Korea.

Certainly, the United States and Korea have some problems. The American government, especially the Congress, worries about the status of human rights in Korea, particularly the curtailment of individual and civil

liberties. Trade imbalances and Korean import restrictions generate further difficulties. At the same time, Korea complains of US reluctance to provide state-of-the-art weaponry, surveillance aircraft, and complete access to its intelligence. These issues strain the current relationship. In addition, the assassinations in Rangoon could prove damaging to US-ROK relations because those killed were Western-educated experienced leaders, most of whom had a solid understanding of the United States and favored its economic and political principles. Those deaths may lead to greater disagreement over free trade and US investment in Korea's economy.

But, differences notwithstanding, US interest and participation in the Korean economy have increased steadily since the end of World War II, involving both countries in a unique military, diplomatic, and economic relationship. At present, Korean foreign trade depends heavily on business with the United States, Korea's single largest trading partner, accounting for over 26 percent of Korea's foreign trade. The United States also provides 22 percent of Korea's total foreign imports, primarily in the form of raw materials and high-tech capital goods.[6]

Apart from economic considerations, however, the United States has substantial interests to protect in Korea, the expanding market opportunities being but one. These interests and the pivotal nature of the Korean peninsula require us to understand Korea's importance. Any modern appraisal of Korea's global importance must acknowledge a practical understanding of the international contest which pits the Soviet Union against the United States. Though communist unity has apparently been

shattered in the bitter division between the Soviet Union and the People's Republic of China, the interruption in communist unity does not mean the United States and Korea have nothing to fear. Events in Cuba, Angola, Nicaragua, Afghanistan, and the Middle East, as well as the North Korean provocation, all give evidence that the threat to American interests continues to be real.

Korea is a significant arena for the United States' contest with the USSR. It first became so because of US aspirations at the end of World War II to be both a Pacific power and, beyond that, a power on the Asian mainland. But to a greater degree, US interest in Korea stems from the close post-World War II association and alliance between the United States and Japan. Today the relationship with Japan is firmly rooted in a mutual commitment to shared values. And the position of Japan is unquestionably important to the future of the Pacific area. Any hostile power knows that, by treaty, aggression against Japan is the equivalent of an attack on the United States, with all that would entail. Therefore, if such an attack were to occur, it is most likely to result not from a deliberate decision but from uncontrolled escalation of a smaller conflict.

A possible Korean war creates conflicting security interests for the United States. In addition to broad humanitarian reasons for preventing a war, the United States has a compelling security interest in avoiding involvement if a war does begin. But the United States certainly cannot neglect the people of Korea. The case for Korea as a primary security interest of the United States must be argued from the US-Japanese viewpoint. Over thirty-four years, the United States has developed strong

military, cultural, economic, and emotional ties with Korea. US policies have encouraged Korea to depend on it, and it would be difficult for Americans not to care about what happens to the Korean people, for their own sake alone. Interests shared with Japan are, however, substantial and forbid the United States' ignoring Korea in even the smallest degree.[7]

KOREAN FOREIGN POLICY

The KAL incident and the 1983 Rangoon killings interrupted South Korea's drive for improved ties with the USSR and the PRC. The shooting down of the KAL Boeing 747 occurred just as Seoul was striving for a rapprochement with the Soviet Union. Only months earlier, then Korean foreign minister Lee Bum Suk, speaking to the US National War College, had advocated a major change in the country's foreign policy, aimed at improving ties with all socialist countries, including the Soviet Union and China. Terming the policy "Nordpolitik," Lee had begun to court Moscow and Beijing. One test of the success of this policy was to be the convening in Seoul of the 70th conference of the Inter-Parliamentary Union, to which not only the Soviet Union, but also countries such as Poland and Czechoslovakia belong. However, the KAL incident temporarily crushed Seoul's initiatives, because the government could not muster the domestic support needed to continue moves toward Moscow.[8]

In general, the Republic of Korea has pursued a consistently pro-Western, if not pro-Japan, foreign policy. Historically, ROK and US interests have dovetailed. Nor is it likely those interests will change soon. After taking office, former President Chun made a number of state visits: first to the White House, followed by a historic trip to the Association of Southeast Asian Nations (ASEAN)

countries of the Philippines, Thailand, Singapore, and Malaysia, as well as trips to Africa and Canada. Chun used Korea's improving international image to bolster his popularity at home, and he also sought closer economic and political ties with Japan. Before 1965, Japan and Korea had no official diplomatic relations. Though the two countries have slowly accelerated official contact, new sources of conflict plague the relationship. The Republic of Korea has repeatedly complained that the Japanese have profited from the massive Korean investment in defense. As a result, the Korean government has sought a firm commitment from Japan to provide Korea with long-term financial aid. Although Japan was reluctant at first to grant a financial concession, the government of Prime Minister Nakasone did agree to provide $4 billion in long-term aid beginning in 1983.[9]

KOREA IN US STRATEGIC POLICY

Fortunately for the United States, South Korea has a stable government, an expanding economy, and a strong self-defense capability. Korea remains the first line of defense for the United States in East Asia, and its strategic position makes it critical to the defense of Japan. Certainly, the US presence in Korea demonstrates American resolve and determination on the peninsula and serves to deter Chinese or Soviet support for a North Korean attack. Continued US involvement will provide security and stop further communist aggression in East Asia. Firm US support is the primary means of discouraging active military aggression and maintaining peace in Korea. Therefore, the best interests of the United States compel this resolve and purpose to prevent another tragic war.[10]

During his visit to South Korea on 12 November 1983, President Ronald Reagan sounded this message:

> Our wish is for peace and prosperity and freedom for an old and valued ally. Let every aggressor hear our words because Americans and Koreans speak with one voice . . . .[11]

Again, President Reagan's visit to South Korea reminded the world of US resolve to remain a Pacific power in close cooperation with South Korea and Japan. The American political objective for Northeast Asia is to contain Soviet influence in the region through vigorous leadership and through stronger bilateral ties with close allies. In this context, three-way cooperation among the United States, Japan, and South Korea is paramount.[12]

To emphasize the United States' coordinating role in Northeast Asia, President Reagan welcomed President Chun as one of the first heads of state to visit Washington following Reagan's inauguration. Mr. Reagan's message was clear. He wanted South Korea to know that the United States was a reliable ally and could be depended upon. The joint communique following President Chun's visit emphasized that the United States "had no plans for withdrawing US ground combat forces from the Korean peninsula."[13]

The United States, though it has helped South Korea improve its ground forces, has not provided modern air and naval weapons, except F-16 fighter aircraft. Given its present unbalanced composition of land, sea, and air forces, South Korea cannot defend itself without direct American assistance. Thus, South Korea has remained dependent on the United States for security. One may argue that this balance of aid indicates the United States hopes to deter not only a North Korean invasion, but also

a South Korean preemptive war against North Korea.[14] Nevertheless, the imbalance disturbs South Koreans profoundly, and they are firmly convinced that the danger of invasion by North Korea is real. Yet, South Korea must rely on American forces to supplement its inferior defenses because, despite recent reassurances, America may always revoke its commitment. That support is problematic, uncertain, and unreliable.[15]

The growing rapprochement between the United States and the People's Republic of China also fuels Korea's concern. Some analysts see as dangerous the growing tendency of both the United States and the PRC to recognize the need to block Soviet expansion in Asian affairs. The two powers have been working together to foster a strong anti-hegemony front to halt Soviet expansionism through Vietnam in Southeast Asia and through Afghanistan in Southwest Asia, and to offset the steady buildup of Soviet military power. As the Sino-American front becomes more solid, analysts fear that the Soviet Union might take provocative actions to break out of a perceived ring of containment. One option available to the Soviet Union would be to supply North Korea with sufficient military supplies and economic support to launch a new thrust against South Korea. This action by Moscow would be designed to unravel the Sino-American relationship, since Beijing would feel compelled to side with North Korea, and Washington with South Korea.[16]

2. THE MILITARY BALANCE OF POWER IN NORTHEAST ASIA

Of the critical roles the United States has played in the survival and development of South Korea since the Korean War, economic and military aid to South Korea is one dramatic example. For twenty years after the signing of the Mutual Security Treaty, 8 percent of all US foreign economic and military assistance went to South Korea. The United States gave more aid to South Korea (for example, $11 billion in 1973) than to any other country except South Vietnam. Between 1954 and 1970, the United States extended $3.5 billion in economic aid to South Korea alone, equivalent to nearly 5 percent of its total gross national product for that period.[1]

Until recently, the flow of assistance and influence between the United States and South Korea has been one way only: the United States has been the provider and South Korea the recipient. Because Korea has been only one segment of US global geopolitical strategy, the United States has often made major policy decisions unilaterally, giving little thought to the serious consequences of those decisions for South Korea. At the same time, the United States has exerted considerable influence over South Korea's domestic and foreign policies—in, for example, the resignation of President Syngman

Rhee in 1960, the dispatch of Korean combat troops to Vietnam in 1965, and the South Korean cancellation of a plan to purchase a nuclear-fuel recycling plant from France in 1976.[2]

But the Korean-American relationship is gradually changing. South Korea is no longer an impoverished country, but one of the world's most successful newly industrialized nations. The US share in Korea's total trade dropped from one-half in 1962 to about one-quarter in 1978. Japan surpassed the United States as Korea's primary trading partner fifteen years ago. South Korea's movement away from heavy *economic* dependence on the United States is both a cause and an effect of its decreasing *overall* dependence on its American ally.[3]

Even this brief glance at US-Korean relations suggests a number of important questions:

- What effects do emerging international and regional power configurations have on the US-South Korean alliance?
- What are the security and strategic interests of the Republic of Korea and the United States in their alliance?
- What interests do other major regional powers have in South Korea?
- What is the future prospect of US-Korean relations?

THE NATURE OF THE CONFRONTATION

For centuries, Korea was subjected to foreign domination. Today, Korea lies divided into two parts, each locked in mortal hostility to the other and each dependent for its survival on rival external sponsors. Why are the

opposing sponsors so vitally interested in Korea, and what are the dynamics of the Korean connection?

US Military Posture, FY 85, the official voice of the Office of the Joint Chiefs of Staff (OJCS), stated:

> The US military strategy seeks to deter attacks against the United States and its allies, limit the Soviet capability for coercion through military power, and provide the National Command Authority the flexibility to respond appropriately and effectively to any level of aggression. Therefore, US forces must be capable of meeting regional demands and threats of a global dimension—now and into the future.[4]

In discussing Asia, this same document commits the United States to promoting regional stability and progress, strengthening collective defense with allies, and maintaining important economic ties. North Korea, supported by Soviet assistance, remains a major source of instability within the region, and Soviet presence in East Asia and the Pacific region is extensive. As figure 2:1 shows, the Soviets have a broad base of defense-oriented resources (technical advisers and security assistance teams), as well as treaties and alliances, from Mongolia to New Zealand.

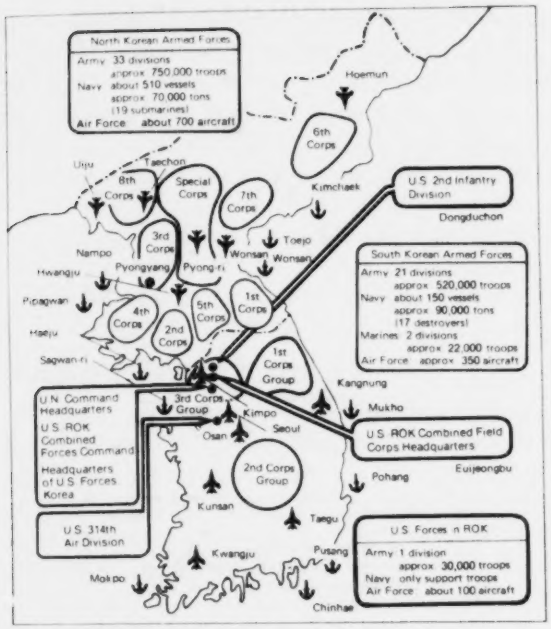
With probable Russian backing, the North Koreans have vowed to reunite the Korean peninsula under one government. The buildup of North Korea's armed forces continues at a rate beyond that required for legitimate defensive purposes, consuming 20 percent of North Korea's annual gross national product, as compared to 6 percent for the United States, 18 percent for the USSR, and 1 percent for Japan. The North Koreans deploy about half their combat forces near the border of the Republic of Korea (ROK). Stressing mobility, firepower, and

Source: Office of the Joint Chiefs of Staff, *US Military Posture, FY 86*, p. 5.

Figure 2:1—Soviet regional defense-oriented resources

surprise, North Korea maintains the capability to launch an offensive on short notice.

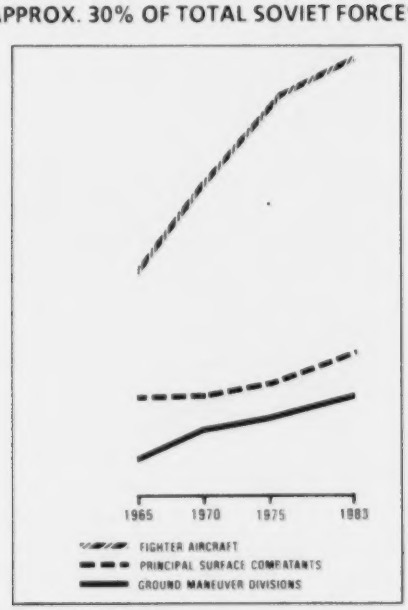
Although the ROK continues its own efforts to resist aggression independently, South Korea still requires strong US support to deter or counter a North Korean attack. For this reason the United States still deploys an Army division near the border of North and South Korea, plus air and naval forces in and around South Korea. Figure 2:2 shows the location of the major US and ROK forces in South Korea. Forces of the United States and South Korea are integrated into a single command structure called the Combined Forces Command, and



Source: Adapted from Defense Agency Japan, *Defense of Japan 1986*, p. 42

Figure 2:2—Military Confrontation on the Korean Peninsula

through major exercises, such as TEAM SPIRIT, the United States demonstrates allied cooperation and reinforcement potential. US facilities in the Philippines add muscle to American reinforcement potential and help protect US interests in the region. Japan can also contribute. But since the Japanese are constitutionally restricted to maintaining only a defensive military force, the Japanese Self-Defense Forces, although well equipped and well trained, remain small. Yet because of the steady Soviet military buildup in the Pacific. Japanese defense



Source: Office of the Joint Chiefs of Staff, *US Military Posture, FY 85*, p. 49

Figure 2:3—Growth of Soviet Forces in the Far East

budgets are gradually increasing. In the main, it will continue to rely on the United States to counter any serious military threat. Thus US bases in Japan will continue to play a vital strategic role in providing US forces continuous access to the region.[5]

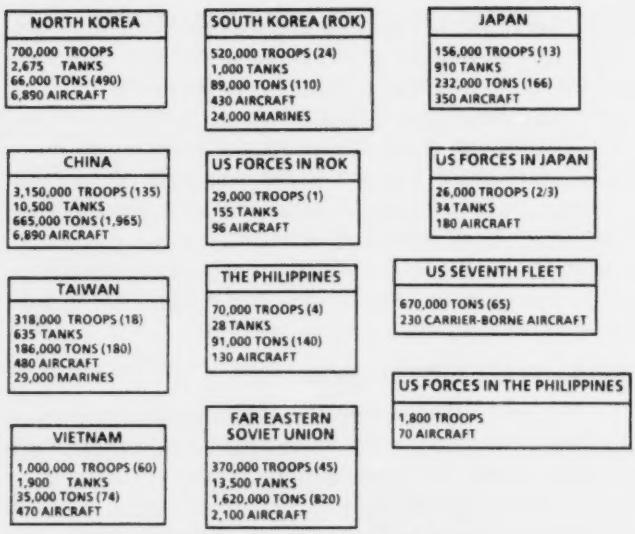
As part of their Pacific buildup, the Soviets have increased their force posture in East Asia to the point where 30 percent of all Soviet armed forces are now in the region. As figure 2:3 shows, from 1965 to 1983 the Soviets significantly increased their ground manuever divisions and surface and fighter aircraft in the Far East.

When the Soviet Union shot down Korean Air Lines flight 007, it not only murdered 269 civilians, but also called attention to the military buildup in a theater that many Americans have almost forgotten since the Vietnam conflict. The Soviet action dramatized the fact that Free World competition with the Soviet bloc goes beyond the strategic balance, beyond trends in NATO and Warsaw Pact forces, and beyond US and Soviet power-projection capabilities in the Persian Gulf—and is as much a struggle to preserve the independence of Asia as it is to preserve the independence of the West.

ASIA—THE LARGER CONTEXT

Figure 2:4 summarizes the military balance in Asia and shows the relative defensive effort of the major Asian powers. Putting the Asian balance in global perspective, forces on the Sino-Soviet border now approach the total of forces deployed in Europe by the NATO and Warsaw Pact countries combined. As the figures reveal, the People's Republic of China is an important counterbalance to Soviet ambitions in Asia, indicating the value to Free World security of sound Sino-US relations. And along with the change in power alliances has come a change in conflict scope. North Korea's medium tanks alone are more than the total number of tanks deployed with US forces in Europe. Modern weapons and military technology in North and South Korea have transformed any potential conflict there from one between backward armies supported by formidable allies to one between advanced armies having modern weapons and military technology.[6]

Furthermore, the dangers of an intense conflict between two well-armed modern powers threaten to destroy the considerable economic importance of the



Source: *Armed Forces Journal International*, November 1983

Figure 2:4—The Military Balance in Asia

Asian region. Asia has become economically important to the United States, now accounting for roughly 30 percent of all US foreign trade. Table 2:1 shows that today the gross national product of Japan alone is almost double the combined GNP of the dormant economies of Eastern Europe. Within the decade, Japan expects to achieve a GNP more than half as large as that of all Western Europe. By themselves, the GNP figures only partly show Asia's economic importance. But GNP also affects military posture. North Korea's expenditure of 8.2 percent of its GNP on defense translates in military terms to more than sixteen soldiers for every one thousand people. The real growth of the military in North Korea has been staggering and will continue.

Table 2:1
Military Expenditures and their Impact on Nations

	Western Europe/ NATO	Eastern Europe/ Warsaw Pact	US	USSR	Japan	China	Taiwan	North Korea	South Korea	Vietnam
Total Population (Millions)	328	109	228	266	117	1,027	18	19	40	54
GNP ($billions)	2,870	620	2,614	143	1152	55	38	16	62	9.5
Income Per Capita (79$)	7,936	4,944	10,408	4,861	8,946	487	1,935	746	1,423	176
Armed Forces (1,000s)	2,764	1,360	2,075	4,300	117	4,500	465	716	639	450
Armed Forces Per 1,000 in Population	8.4	15.1	9.1	16.2	2.0	4.4	26.1	16.1	7.1	12.1
Military Expenditures ($ in billions)	105	34	144	207	11	47	2.4	1.3	3.8	2.3
Military Expenditures Per Capita (79$)	290	583	573	708	84	41	138	61	87	44
Central Government Expenditures (79$)	650	234	524	389	198	---	8	11	12	---
Military Expenditures as a % of Central Government Expenditures	14.6	35.1	24.9	48.3	5.0	---	32	10.4	28.4	---

Source: Adapted from Major General Toshiyuki, *Summary of the Defense of Japan*, August 1983; International Institute for Strategic Studies, *Military Balance, 1982-1983*; and John M. Collins, CRS-830153S, August 1983.

Most experts would agree that Japan, Taiwan, South Korea, Hong Kong, and Singapore now have a higher combined rate of innovation in industry and applied technology than Western and Eastern Europe combined. While Western Europe has become a stable, relatively static center of welfare capitalism, the more developed nations of Asia have become the entrepreneurial rivals of the United States.

The problem for Asia and the Free World is balancing military forces in the face of the following trends:[7]

- A steady Soviet military buildup, putting pressure on Japan and threatening greater Soviet

military influence throughout Asia and the Pacific.

- A US need to divert military resources from Northeast Asia to protect the Free World's economic lifelines in the Persian Gulf, the Indian Ocean, and the Caribbean Sea.
- Japan's lack of military efforts proportional to its economic strength. Unless Japan can expand its defense effort well above 1 percent of its GNP, the present stability of Asia could disappear, replaced by Soviet-led political intimidation or a power vacuum that could lead to war.
- The need to ensure that South Korea continues to deter a North Korean attack, despite Kim Il Sung's unpredictable ambitions and South Korea's desperate need to conserve its resources for economic development.

In short, the same arms buildup is taking place—and the problems of maintaining the peace through deterrence are just as great—in Asia and the Pacific as in other theaters. This Asian military buildup affects the following potential conflicts:

- Soviet intimidation of Japan, a Soviet attack on Japan, or a broader attack on US, Japanese, and other Western interests in the region.
- A limited US-Soviet conflict in the Pacific conducted through proxies or directly at sea, growing out of the steadily rising Soviet challenge to US naval control of the Pacific and the US position in Asia.
- A broader US-Soviet conflict in the Pacific, possibly in the context of a general war, which would

probably be initiated by the USSR. Such a conflict could involve attacks on ships at sea, attempts to close ports through either political or military action, or actual attacks on ports.

- A new conflict or crisis between North and South Korea, which might or might not involve the PRC or the USSR, and which would certainly require Japan to decide whether to become involved—at least to the extent of allowing the United States to support South Korea from US bases and facilities in Japan.
- A conflict stemming from a major development in the Sino-Soviet dispute. This development could range from a rapprochement or temporary agreement between the USSR and the PRC—which would greatly strengthen North Korea in a conflict with South Korea or strengthen the USSR's position against Japan—to a major Sino-Soviet conflict— which might ultimately involve the rest of Asia and the West.
- A major political conflict over Taiwan, followed by a break between the PRC and the United States or a conflict between Taiwan and the PRC.
- A new conflict between the PRC and Vietnam.
- Vietnamese conquest of Kampuchea and Laos or a rapprochement between Vietnam and the PRC, allowing the resurgence of Vietnamese efforts to export revolution.

The problem for the Free World is to find a means to counter the Soviet military buildup that will deter any of these scenarios from turning into war between the superpowers. In practice, this deterrence hinges on two

factors: the quality of Sino-US relations, and the speed with which Japan and Korea can supplement US military power in Northeast Asia.

NORTH-SOUTH RELATIONS ON THE KOREAN PENINSULA

The dispositions and policies of North Korea's allies favor improved inter-Korean relations, notwithstanding the heightened tension between the two superpowers. The Soviet Union is keenly interested in preventing a war on the Korean peninsula and in maintaining stability there. The Soviets want peace and stability in Korea not because they have mellowed or because their interest in the region has diminished, but because their strategy and their assessment of Korea's value has changed. The Soviet Union has decided to concentrate on building its own strategic and tactical forces in the Far East and to depend less on its allies such as the Democratic People's Republic of Korea (DPRK). The more the Soviet Union strengthens its military and naval strength in the Far East, the less it needs North Korea for defense purposes.

The Soviet Union certainly does not wish to alienate North Korea more than necessary, but the Soviet interest in the Korean peninsula is now more political and economic than military. North Korea was very important to the Soviet Union during the period of intense Sino-Soviet conflict. But as Sino-Soviet tensions decreased, North Korea's political value to the Soviet Union diminished. Barring unforeseen events, the Soviet Union will be content with the status quo on the Korean peninsula and will be open minded about the inter-Korean relationship.[6]

China's interest in Korea has also changed a great deal since the downfall of the "Gang of Four" and the inward turning of the Chinese. The new Chinese leaders apparently accept the reality of the two Koreas since they want to promote peace and stability on the Korean peninsula. Although the Chinese are willing to go a long way to maintain friendly relations with the DPRK, they have no desire to support North Korean aggression against South Korea. Some observers believe that the Chinese favor the withdrawal of US forces from South Korea but recognize the need for the continuing presence of those forces in the East Asian region. Like the Soviet Union, China's interest in Korea is political and economic rather than strategic. Thus, neither the Chinese nor the Soviets will object to improved inter-Korean relations; in fact, they will welcome such a development. South Korea is a potential trade partner of some significance for both China and the Soviet Union, a factor that cannot be overemphasized.

Japan likewise will welcome improved inter-Korean relations. The possibility of war on the Korean peninsula gives nightmares to Japanese political, financial, and economic leaders because Japan is indirectly linked to South Korea's defense through the US-Japanese and the US-South Korean security treaties and because Japan has invested heavily in South Korea's economy. The Japanese also look forward to the possibility of increased trade with North Korea. But increased trade between Japan and the DPRK will be possible only if North Korea's relations with South Korea improve and North Korea's political and economic policies change.[9]

Ironically, at the same time, none of these Asian powers is in a position to take the initiative on the Korean

situation. North Korea's strident stand for independence made China and the Soviet Union wary of taking any stand or action on the Korean situation that runs counter to North Korea's position, particularly in view of the strained Sino-Soviet relationship. Neither the Chinese nor the Soviets have any clear incentive to propose an action that would antagonize North Korea. Japan is interested in achieving greater economic participation on the Korean peninsula, but has its own reasons to defer to the United States and South Korea. In short, none of the Asian powers involved in the Korean peninsula is in a position to take the initiative. North Korea cannot diverge from its present course because it could be accused of a sell-out. South Korea may be eager for a bilateral dialogue with North Korea, but it cannot affect North Korea's attitude.[10]

The present Korean situation gives the United States a golden opportunity. The United States may be the only major power that can induce a change in North Korean perception, politics, and strategies. And to create an environment that would offer North Korean leaders an attractive alternative to the course they have been pursuing is in the best interest of the United States and its allies.

Former President Richard Nixon outlined his thoughts on the importance of drawing China into the world community in a 1967 article titled "Asia After Vietnam," in which he declared that the situation vis-a-vis North Korea today has many similarities. For example, the former president said: "The world cannot be safe until China changes. Thus our aim, to the extent that we can influence events, should be to induce change." Mr. Nixon drew a parallel between the present situation in China

and that of the past in the Soviet Union by stating in the same article:

> If the challenge posed by the Soviet Union after World War II was not precisely similar, it was sufficiently so to offer a valid precedent and a valuable lesson. Moscow finally changed when it, too, found that change was necessary. This was essentially a change of the head, not of the heart. Internal evolution played a role, to be sure, but the key factor was that the West was able to create conditions that forced Moscow to look to the wisdom of reaching some measure of accommodation with the West . . . .[11]

What were the conditions Nixon spoke of? One was stronger non-communist nations of Asia—stronger economically, politically, and militarily—so that those nations would no longer furnish tempting targets for Chinese aggression. In the Korean context, of course, we need to look at only South Korea rather than all of non-communist Asia. The condition of strength Nixon called for exists in South Korea.[12]

SINO-US RELATIONS

In view of the threat of Chinese aggression toward weaker countries and the past record of Soviet military and political expansion, it doesn't take an expert in geopolitics to understand the importance of Sino-US relations. There prcbably will never be a "China card" in the sense of a formal strategic relationship between the United States and China or an option of using US support of China to check the USSR more than the PRC itself wishes. However, whether or not such a "China card" exists is not the issue.

The Sino-Soviet conflict, US rapprochement with the PRC, and the emergence of a comparatively moderate and strongly nationalistic government in the PRC have combined to limit the forces that the USSR can deploy against Europe, Latin America, the Near East, and the Persian Gulf. Although these situations have evolved independently, their net effect has been to link the PRC, the United States, Japan, and South Korea in a tacit effort to contain the USSR. The problem the Free World faces is not one of playing the "China card." Rather, the challenge is to maintain a basis of mutual interest with China sufficiently solid to avoid pushing the PRC back into any rapprochement with the USSR.[13]

THE IMPORTANCE OF THE SINO-SOVIET CONFLICT

Some analysts in the United States, South Korea, and elsewhere have sometimes expressed concern over what they have seen as the growing tendency in recent years for the United States and China to join more closely together in a common effort to block suspected Soviet expansion in Asian and world affairs. They see the United States and China as working together to foster a strong front against Soviet-backed expansion and to offset the buildup of Soviet military power along the Sino-Soviet border. These analysts fear that as this Sino-American front becomes more solid, the Soviet Union might attempt to break out of its ring of containment. One option available to the Soviets would be to supply North Korea with enough military, economic, or other support to make the North Koreans feel inclined to attack South Korea. Such an attack might unravel the Sino-American relationship.

The PRC now ties down nearly 30 percent of all Soviet divisions and 35 percent of all Soviet tactical aircraft. China's relationship with the United States forces the USSR to weigh any nuclear conflict with the West against the risk of escalation to a global conflict involving China. Fortunately, the Sino-Soviet confrontation, though it helps contain the USSR, does not present a serious risk of war. The PRC now seems to have pragmatic and balanced leadership. This leadership seems highly unlikely to blunder into a conflict with either the Soviet Union or Vietnam that would threaten its own control of China or the kind of escalation that would involve other Asian states or the United States. But China continues to play the threat of a rapprochement with the USSR as a bargaining card in dealing with the United States.[14]

Although many political and military uncertainties are involved, the PRC is now so weak militarily that any true rapprochement with the USSR would have to be on such an unequal basis that it seems doubtful the PRC would accept. Despite all the impressive numbers of forces, the PRC's defense expenditures and technology base have simply been inadequate to support a powerful military force. There is considerable controversy over the resources the PRC does devote to defense. Although the PRC reports its defense expenditures as being $10-12 billion annually, US intelligence experts estimate these expenditures as approaching $50 billion annually. Even the US estimate, however, would only provide 30-60 percent of what the PRC would need to maintain its large structure or to approach Soviet forces in arms modernization and military technology.

The convulsions of Mao's last decade have left the PRC with an extraordinarily weak technical and industrial base. China still has no modern tank or high performance fighter in its inventory or in production. China

also lacks anything approaching a modern air defense system and lacks any significant modern military electronics industry. Although China has some 100 surface-to-air missile (SAM) sites, roughly 9,000 antiaircraft guns, and over 4,500 interceptors, it lacks the technology for effective air defense warning below 5,000 feet. And China's nuclear forces are equally inadequate. Although China tested a true ICBM in 1980 and has a nuclear-powered ballistic missile submarine (SSBN) in preliminary deployment, it still relies on roughly 100 medium-and intermediate-range missiles with poor accuracy, very poor reaction times, and even poorer reliability. China's CSS-1s and CSS-2s (surface-to-surface missiles) have a range of 700-1,000 miles, and its CSS-3s and CSS-4s have a range of 1,500-3,000 miles. But these missiles are still liquid fueled. Chinese nuclear forces remain heavily dependent on about 90 B-6/TU-16 medium bombers, which are totally lacking in modern electronic countermeasures (ECM) and penetration aids. Slow progress in creating solid-fueled missiles—particularly for undersea launch—and the three missile-launching tubes on its one G-class (General Class) submarine give China at best a token SSBN capability.

The PRC's military capabilities leave China in an awkward position—strong enough to be unconquerable in a conventional conflict but with clear incentives to ease tensions with the USSR. The PRC, however, is now far too weak to approach the USSR with any safety, and its current leadership seems to recognize this fact fully. If anything, the potential for limited Sino-Soviet conflict is a primary factor stabilizing Asia and limiting the ambitions of the USSR, Vietnam, and even North Korea. Although Japan, the United States, and the PRC are never likely to

have a smooth relationship, they are natural strategic allies against the growth of Soviet military power and against any effort to expand Vietnamese influence under the guise of exporting revolution.[15]

THE ROLE OF US AND SOVIET FORCES

The problem of maintaining a strong deterrent force in Northeast Asia in the face of changing US commitments and a slow but steady Soviet military buildup remains. The critical issue is how Japan and Korea will react. A look at the trends in the US-Soviet military balance in Asia clarifies the problem. The United States cut its forces in Asia well below its pre-Vietnam level when it withdrew from the Vietnam War; meanwhile, the USSR has improved its forces both qualitatively and quantitatively since its massive buildup in the late 1960s and early 1970s to meet the PRC threat.

Although some differences exist over how many divisions the USSR now has in the Far East and how to count them, US experts estimate that the USSR has built up to a total of 52 divisions and 400,000-500,000 men in its four eastern military districts. (The Soviets had 20 divisions in the region in 1963). Moreover, Western experts agree that the USSR has steadily improved its manning and equipment quality. Some highly placed intelligence officials estimate that the USSR's short- and medium-range nuclear weapons strength has tripled over the last six years.[16] Although Soviet divisions in the region have been upgraded in recent years, many do have readiness problems. Roughly 60-65 percent of the divisions still are equipped with T-54 and T-55 tanks, and many still use older artillery and other armored vehicles.

Nonetheless, since the Sino-Vietnamese border war of 1979, the Soviets have distinctly increased the rate of

qualitative improvement of their land forces in the Far East. Soviet forces now include modern multiple rocket launchers, motor transport brigades, and air assault brigades with heavy attack helicopters. The USSR started equipping its Far East units with T-72 tanks in 1982 and is now delivering nuclear-capable 152 mm gun/howitzers, new infantry fighting vehicles, and the latest armored personnel carriers. The total number of other Soviet armored vehicles in the Far East has tripled in the last six to eight years. The USSR has also begun to replace its old antiaircraft guns with the same surface-to-air missile weapons deployed in Eastern Europe.[17] The mileage of paved roads in the Soviet military areas north of the PRC has doubled since the late 1960s. These improvements have sharply increased the Soviets' initial assault capability against PRC forces in the border area and their ability to sustain any penetration of PRC territory. The number of Soviet divisions in the Far East has also grown. Soviet forces now include at least one tank division and 21 motorized rifle divisions, as well as two separate artillery divisions.

When we move our examination from land to sea forces in the Asia-Pacific region, we find the trends in naval forces show a steady decline in the active strength of the US Navy and a steady Soviet buildup. According to estimates from the International Institute of Strategic Studies (IISS), the Soviet Pacific Fleet had 56 major surface combat ships in 1973, none of which were comparable to US Navy vessels and most of which engaged in little "blue water" activity. The USSR had about 160 submarines, of which 80 were nuclear powered. Though these numbers were large, few of these submarines—

except for the most modern nuclear attack submarines—could rival Western naval vessels in technical capability.

Ten years ago, the USSR gave clear priority to the modernization of its western fleets. Beginning in 1979, however, at the time of the Sino-Vietnamese War, the USSR began to give the modernization of its Pacific Fleet equal priority. The Pacific Fleet now has large numbers of modern *Kashin*-class guided-missile destroyers and *Krivak* I/II guided-missile frigates. Since 1979, the fleet has received one *Kara* and three *Kresta*-class guided-missile cruisers, the antisubmarine warfare (ASW) carrier *Minsk*, large numbers of Victor I/III nuclear-powered attack submarines (SSNs), and the first *Kilo*-class high-performance conventional submarines. The IISS now estimates that the Soviet Pacific Fleet has grown to 85 major combatants—including one carrier and 25 nuclear-powered ballistic missile submarines (SSBN)—95 other submarines, 215 minor combatants, and 77 major auxiliary support ships.[18]

These trends could eventually make the Soviet Pacific fleet the largest of the four Soviet fleets—both tactically and strategically. John Collins of the Congressional Research Service estimates that the Soviet Pacific Fleet has 206 major combat ships (30 percent of the USSR's cruisers and destroyers, 38 percent of its attack submarines) versus 258 for the Northern Fleet, 78 for the Baltic Fleet, and 101 for the Black Sea Fleet. Although no precise data are available on the growth of Soviet naval activity in the Pacific, the Soviet Pacific Fleet has increased its days at sea and miles steamed even more quickly than it has increased its ship numbers and tonnage. Soviet ship days (a ship day is defined as one ship

at sea for one day) in the Pacific have increased from about 6,900 in 1975 to over 11,000 annually since 1980. Soviet ship days per year in the Indian Ocean have increased from roughly 7,000 to 11,000, since 1980. The USSR also now maintains a task force of about 15 combat ships and auxiliaries in the South China Sea.

The IISS estimates that in 1973 the US Seventh Fleet (Western Pacific) had three attack carriers, twenty-five major surface combatants, and two amphibious-ready groups; the Third Fleet (Eastern Pacific) had six attack carriers and fifty-six major surface combatants. Thus, the US Pacific Fleet had a total of nine carriers and eighty-one major combatants. Comparable IISS data are lacking on today's US naval strength in the Pacific, but work by John Collins shows the United States now has a total of six attack carriers, six helicopter carriers, and eighty-six major surface combatants in the Pacific. Collins' figures also show that the United States has two SSBNs versus twenty-five for the USSR, and forty-six attack submarines versus ninety-one for the USSR—although the US has forty-two nuclear attack submarines compared with forty for the USSR. The USSR has also carried out a massive modernization of its fighter attack forces. US experts note that as late as 1978-79, only 50 percent of Soviet tactical aircraft in the Far East were third generation (high technology) types. Today that figure is over 90 percent, and the number of advanced Foxbats and Floggers continues to grow.[19]

CURRENT US AND SOVIET CAPABILITIES

The growth of Soviet forces in Asia does not yet threaten Free World security. The USSR cannot act in

Southeast Asia if a major surrogate like Vietnam is paralyzed in a local war. The current balance of US and Soviet forces does sharply favor the USSR on the land and in forward deployed, land based air strength. But at the same time, the balance still favors the United States in terms of overall naval power in the Pacific and the ability to deploy tactical aviation on carriers or at bases throughout the region. Although much would depend on the scenario involved, deployments at the start of a conflict, and uncertainties such as the precise exchange ratios between carriers, aircraft, and submarines, the United States still has the power to contain the USSR in a conventional sea war in the Pacific. The United States also retains far superior command, control, communications, and intelligence (C^3I) and antisubmarine warfare assets at both the strategic and tactical levels through its "electronic shield" based on satellites, ships, airborne sensors, and ground sites in South Korea and Japan.

The USSR would face severe problems in making use of its superior land forces in an attack on a Free World state in Asia. Further, the USSR cannot deploy more than a small fraction of its land strength against Japan or South Korea because much of Soviet land strength and tactical air strength in Asia is now locked in place by the risk of conflict with the PRC. Soviet tactical air strength might be very valuable in a Korean conflict, but it does not yet seem able to challenge the US forces in Japan or Korea—as long as the United States can build up without immediate fear of a two-front conflict. Despite steady improvement, Soviet fighter forces still lack the range, technical sophistication, and endurance for the distances involved in most Asian conflict scenarios.[20]

A LOOK AHEAD

In broad terms, the balance in the Pacific is troublesome, rather than unfavorable, for the United States. However, the United States does face several critical problems certain to grow with time. First, US forces in the Pacific must cover a theater larger than all of Latin America, Europe, and the Near East combined. These are dispersed in very small concentrations—some of which are located nearly as far from forward bases in Northeast Asia as US forces in Iceland or the United Kingdom. In the past, the United States has been able to count on having the time it needs to concentrate its forces in Asia. As time goes on, however, the Soviet buildup near Japan will reach the point where Japan must have forces in place to ensure that the United States has time to deploy.

Second, as Soviet naval aviation, missiles, and submarines improve, the United States will steadily lose its ability to operate carrier task forces near Soviet bases. Even in a one-front war in the Pacific, the United States will have to devote a significant amount of resources to winning antisubmarine warfare and the air war from outside Japanese waters.

Third, the United States will face a steadily growing probability of having to fight a two-front war. The shifts in the European military balance make it highly unlikely that US forces in the Pacific could play a decisive enough role in time to make their deployment to Europe or the Atlantic worthwhile. Meanwhile, the rising economic importance of Japan and Asia is depriving Western Europe of its past strategic priority.[21]

The United States might still, however, at least have to try to redeploy its forces for the defense of Europe. More significantly, the United States cannot defend

Northeast Asia or Europe without defending the Persian Gulf because of the need for oil supplies. A conflict in Southwest Asia would force the United States to draw heavily on its forces in the Pacific and on the United States West Coast. In fact, US war plans indicate that every US military unit in the Pacific, except the forces now stationed in Korea, might be deployed for contingencies in Southwest Asia.

Fourth, even if the Persian Gulf is not threatened, protection of tankers and other merchant shipping to Japan will require a growing proportion of US naval forces as the Soviet submarine and long-range bomber threat outside Northeast Asia increases. It takes 400 merchant ships each month to keep Japan alive—even if Japan does not fight and its industrial production is limited to urgent domestic needs. Especially today, it is unlikely that any combination of US and Japanese military power could protect this level of merchant traffic. For the first three months of a conventional war involving Soviet attacks on shipping, deliveries could not average 100-200 ships per month.

Fifth, if Japan and Korea do not bolster their military strength, they will be increasingly vulnerable to Soviet political pressure or military badgering, or to conflicts at a low enough intensity that the United States does not become involved.[22]

Ever since the division of the peninsula, the balance of power in Korea embraces not just the four external powers—China, the USSR, Japan, and the United States—and not only the two Korean states, but all six nations locked in a relationship of great complexity.[23] The once weak Korean kingdom (and then powerless Korean colony) has been replaced by two Korean states that

have become formidable military powers. Each has
incentive and the capability to inflict great damage
the other. But neither can determine the peninsula's
ture alone, as much as each might prefer to do so—
larger powers would not allow it. The strength of eac
therefore interrelated with the strength of its exte
sponsors.

3. SOUTH KOREA'S ECONOMY

The growth of the South Korean economy in the past twenty years has been spectacular. Having transformed itself from one of the world's poorest and least advanced nations at the end of the Korean War to a modern industrial power, South Korea can, without exaggeration, talk of its economic miracle, an accomplishment rivaling those of Japan and the Republic of China (Taiwan). The process of rapid economic growth began in the early years of the Park Chung Hee government. Between 1963 and 1983, the economy grew at a rate exceeding 9.5 percent annually boosting per capita GNP from $100 in 1963 to over $1,500 dollars in 1983, as the government guided capital investment, import-export quotas, and domestic production.

Since the end of World War II, South Korea has enjoyed a unique military, diplomatic, and economic relationship with the United States. At present, its foreign trade depends heavily on business with the United States: the United States is South Korea's single largest trading partner, accounting for over 26 percent of the foreign trade. The United States also provides 22 percent of all foreign goods South Korea imports, primarily in the form of raw materials and high-tech capital goods. In recent years inflation and the global recession have slowed

South Korea's rate of growth. The four-year plan for 19
1981, for example, called for annual growth of 9.2 perc
but saw an average real growth rate of only 5.2 perc
with prices rising at unprecedented rates.[1] Yet gro
does continue.

South Korea's gross national product has grow
$70 billion, approximately the twenty-fifth largest in
world.[2] Though its GNP grew 9.3 percent in real term
1983, this was below the average 9.7 percent achie
between 1962, when South Korea began its succes
five year plans, and 1978. But it was a great deal be
than the 3.2 percent average from 1978-1982. The la
period included a crop failure, restrictive economic
icies, political turmoil, an oil crisis, and a worldw
recession. As the South Korean economy grows a
structurally transforms itself, the country steps out
an international economic community plagued by ins
bility. In the coming years it will face important decisi
as to how its domestic economy will evolve. No cou
has modeled its institutions more closely on the Ja
nese experience than South Korea. As it grows to e
nomic maturity, it should learn from Japanese failu
and successes.

Under Chun, the government decentralized
economy to allow for increased private sector plann
and investment. Today the government is reducing
holdings in commercial banks, minimizing its inter
ence in financial management, and preparing to op
the Korean stock market to foreign investment. In 19
however, government investment and consumption
still one of the major contributors to growth, accoun
for approximately 25 percent of total GNP.

In terms of economic growth, the Asia-Pacific region is a trend setter for the rest of the world. By the year 2000, the capitalist nations of the western Pacific will probably surpass both Western Europe and the United States in economic strength, as measured by goods and services and world trade. Most of the capitalist Asian nations are economically developed or soon will be. Japan is obviously a fully developed nation. South Korea, the Republic of China, Hong Kong, and Singapore are close, if they are not there already. Though it is blessed with natural resources, North Korea depends on aid from both the Soviet Union and the PRC. North Korea has greater resources than South Korea, but only half the population density. Yet, North Korea's economic growth has been slower than the South's, and its standard of living, as a consequence, is noticeably lower.

America's problems with the Asia-Pacific region include a deficit in trade balance with the most economically successful nations. In fact, the United States' 1983 deficit with the non-communist Asia-Pacific nations amounted to approximately $30 billion, more than half of the total US trade deficit. The non-communist nations of the region are the staunchest advocates in the world of US free trade policies, since trade has been the key to their success.

The economic picture depicted in the 1984 ROK statistical abstract suggests a bright future for the short term. Growth in 1983 not only was Korea's best since 1978 but, with respect to prices, was also arguably its best ever. One notable achievement was the low level of inflation. Inflation in 1983 was only 4.8 percent, down over 19 points from 1981. All three measures—the wholesale price index, consumer price index, and the GNP deflator were kept to levels unprecedentedly low in Korean

history. Korea's success in controlling inflation was achieved by three sets of measures. First, aggregate demand was restrained whenever price stability seemed jeopardized. Second, growth in the money supply was restrained and the government's budget deficit reduced. Third, the government announced a wage policy—keeping increases below the growth in productivity—which removed wage costs as a source of inflationary pressure. Though exports are down compared to previous years, the economy is turning around. Yet there is speculation that the impact of the new economic policies initiated by the government will not be felt in all sectors of the economy. The government continues to oversee loans made to industries designated as strategic. It also controls exports and continues to direct capital and foreign exchange.[3]

South Korea's fifth five-year plan calls for transforming the nation from a borrowing to a lending country with total independence from foreign aid and foreign capital and investment. The plan will strive to achieve high growth with price stability, expansion of employment opportunities, and improvements in income distribution.[4] Still, South Korea's economic revival depends to some extent on how well the United States and Japan perform in the international economic marketplace.

Despite its successes and bright prospects, Korea's economic problems are far from over. In addition to a high debt problem, the Republic of Korea's other areas of economic concern are the universal problems of inflation and unemployment, the unbalanced growth between the agricultural and industrial sectors, and the gap between savings and investment.

As South Korea's industrial capacity grew, so did its trade with the United States, increasing from $300 million twenty years ago to more than $12 billion in 1983—an increase of 4,000 percent. Now America's ninth largest trading partner, South Korea ranks sixth as a market for US exports and in the top four for imports of US agricultural products. All of the American economic aid provided it in its earlier, struggling period amounts to less than half of one year's trade today.[5]

Although US efforts helped bring about the great success of South Korea's economy, not all Americans are happy about that success. As Satchell Paige, the former great baseball pitcher, once said: "Don't look back, something might be gaining on you." When American businessmen look back, they see that East Asian countries have been closing the economic gap. Just check the labels at your local discount department store: "made in Japan," "made in Taiwan," and "made in Korea" have become increasingly common.

Charges arise that at times Korea has not maintained open and free access to markets, and has not allowed free trade to remain reciprocal and honest. Korea has also been accused of trading unfairly, restricting imports and providing subsidies for export industries. Critics complain that Korea concentrates massive resources on selected industries and targets potentially vulnerable foreign competitors for extinction. Finally, loud voices charge Korea with being a low-wage country, thereby exploiting an unfair advantage in international markets—in short, with not playing by the rules.[6] Giving public expression to the private sentiments of many, President Reagan did emphasize during his 1983 visit to Korea that, as a beneficiary of the international free trade

system, South Korea has a responsibility to likewise defend and protect it.

South Korea must strive to pare away barriers blocking access to its domestic market, despite the political and governmental difficulties, and establish equitable conditions for foreign investors. Certainly, much of Korea's success is the result more of hard work and wise investment than of unfair practice. But some aspects of Korean policy are not acceptable, such as imposing restrictions on foreign firms. Fortunately, the economic leadership of Korea recognizes the need to open Korea's markets further and to reduce direct government intervention in the economy. In recent years, trade has been liberalized and tariffs reduced; Korean planners know that without further liberalization the transition toward full development will be retarded.[7]

Another matter clouding the economic picture, which has also been widely publicized in the US news media, is increasing protectionist pressure from the industrialized countries. For example, the steel industry, one of South Korea's most efficient industries, saw its exports fall during the first half of 1983 to $1.42 billion. Some of that loss was due to US import restrictions. Already, US color TV makers have brought anti-dumping actions against South Korean manufacturers. Additionally, overseas construction work, which since the mid-1970s has been a major contributor to South Korea's economic growth, has fallen off, forcing South Korea into new markets. In 1984, the construction industry received a major boost through a $3.3 billion contract—believed to be the biggest in history—to build a waterway linking north and south Libya.[8]

US-ROK ECONOMIC CONSIDERATIONS

Bound by historic ties and committed to maintaining common interests in Asia, the United States and South Korea naturally have formed alliances outside of the military sphere. Over the past three decades, economic alliances have developed and matured into a strong and growing partnership. Korea is one of the major United States suppliers and one of America's best customers for its exports. Economic cooperation between the two countries may be nearly as important as the strong security ties.[9]

It used to be said that when Washington coughs, Tokyo gets a cold and Seoul catches pneumonia. For many aspects of the two countries' economic relations with the United States this saying is still valid. Just a glance at the regional distribution of Korea's foreign capital and technology cooperation is sufficient to show the overwhelming importance of the United States to the Korean economy.

The ROK-US trade relationship, of such paramount importance to the Korean economy, is currently readjusting in a rather turbulent way to a series of restrictions the United States is imposing on Korean exports. The "dumping" decision on Korean color TV sets and further restrictions on steel pipes, tire tubes, copper products, and wire ropes clearly reflect this trend. These trade conflicts are not new at all; there have always been various kinds, which have taken different forms at different times. But conflicts of this kind need time to resolve.

When and how did the trade conflicts between Korea and the United States begin to heighten? Many factors, such as the Korean prolonged recession, increasing trade deficits of the United States in recent

years, and protectionist pressures have combined to heighten the intensity of the conflicts. In addition, two points often overlooked touch the matter of the trade imbalance between the two countries. First, 1983 was the first time ever that Korea recorded a significant trade surplus with the United States. Second, US restrictions on Korea's products are more stringent than those on products of Taiwan and Japan, which recorded much larger trade surpluses with the United States. The "imbalance" of trade disappears when such other commercial transactions as direct purchases of US construction equipment and materials by the Korean construction firms operating in the Middle East (alone amounting to $800 million in 1983), remittance of the US investment returns, and interest payments on US loans to Korea are included in the calculation.

Since the 1970s, South Korea and the United States have begun a new stage of extensive economic contact, although the relationship is somewhat lopsided. As table 3:1 shows, the US share of South Korean exports exceeded 30 percent fifteen times during the twenty year period between 1961 and 1980. The South Korean share of US trade in 1980 was only slightly above 2 percent in terms of both exports and imports, as shown in table 3:2.

SOUTH KOREAN ECONOMIC DEVELOPMENT

Since 1972 the economy of the Republic of Korea has demonstrated strong centralization in politics and sustained growth of both exports and gross national product. During this period, the government has made an attempt at rapid heavy industrialization to become what the late President Park called "a first-class country." But both political centralization and excessive heavy industrialization have hurt the long-term growth prospects

Table 3:1
South Korean Trade with the United States

YEAR	EXPORTS TO THE U.S. TOTAL EXPORTS	EXPORTS TO THE U.S. AMOUNT (MILLION DOLLARS)	EXPORTS TO THE U.S. SHARE (PERCENT)	IMPORTS FROM THE U.S. TOTAL IMPORTS	IMPORTS FROM THE U.S. AMOUNT (MILLION DOLLARS)	IMPORTS FROM THE U.S. SHARE (PERCENT)	BALANCE OF PAYMENTS WITH US (MILLION DOLLARS)
1961	40.9	6.9	16.3(3)	316.1	143.3	45.4(1)	-136.5
1962	54.8	12.0	21.9(2)	421.7	220.3	52.2(1)	-208.3
1963	86.6	24.3	28.0(2)	560.3	284.1	50.7(1)	-259.8
1964	119.1	36.6	30.7(2)	404.4	202.1	50.0(1)	-165.5
1965	175.1	61.7	35.2(1)	463.4	182.3	39.3(1)	-120.6
1966	250.3	95.8	38.3(1)	716.4	253.7	35.4(2)	-157.9
1967	320.2	137.4	42.9(1)	996.2	305.2	30.6(2)	-167.8
1968	455.4	237.0	52.0(1)	1,462.9	449.0	30.7(2)	-212.0
1969	622.5	315.7	50.7(1)	1,823.6	530.2	29.1(2)	-214.5
1970	835.2	395.2	47.3(1)	1,984.0	584.8	29.5(2)	-189.6
1971	1.067.6	531.8	49.8(1)	2,394.3	678.3	28.3(2)	-146.5
1972	1,624.1	759.0	46.7(1)	2,522.0	647.2	25.7(2)	111.8
1973	3,255.0	1,021.2	31.7(2)	4,240.3	1,201.9	28.3(2)	-180.7
1974	4,460.4	1,492.1	33.5(1)	6,851.8	1,700.8	24.8(2)	-208.7
1975	5,081.0	1,536.3	30.2(1)	7.274.4	1,881.1	25.9(2)	-344.8
1976	7,715.3	2,492.5	32.3(1)	8,773.6	1,962.9	22.4(2)	529.6
1977	10,046.5	3,118.6	31.0(1)	10,810.5	2,447.4	22.6(2)	671.2
1978	12,710.6	4,058.3	31.9(1)	14,971.9	3,043.0	20.3(2)	1,015.3
1979	15,755.5	4,373.9	29.1(1)	20,338.6	4,602.6	22.6(2)	-228.7
1980	17,504.9	4,,606.6	26.3(1)	22,292.0	4,890.0	21.9(2)	-283.4

*Figures in the parenthesis represent annual rank of the US share in Korean trade
Source: KIEI, *Special Report No. 41*, March 1981

Table 3:2
Relative Importance of South Korean Trade with the United States

	Exports			Imports		
Rank	Country	Amount (million dollars)	Share (percent)	Country	Amount (million dollars)	Share (percent)
1	Canada	33,096	18.2	Canada	39,021	17.8
2	Japan	17,579	9.7	Japan	28,163	12.9
3	England	10,635	5.9	West Germany	11,610	5.3
4	Mexico	9,847	5.4	Mexico	8,996	4.1
5	West Germany	8,482	4.7	Saudi Arabia	8,730	4.0
6	Netherlands	6,907	3.8	Nigeria	8,650	4.0
7	France	5,587	3.1	England	8,505	3.9
8	Belgium	5,156	2.9	Taiwan	6,427	2.9
9	Saudi Arabia	4,875	2.7	Libya	5,544	2.5
10	Italy	4,359	2.4	Algeria	5,462	2.5
11	South Korea	4,191	2.3	Venezuela	5,452	2.5
12	Venezuela	3,391	2.3	Italy	5,378	2.5
13	Switzerland	3,660	2.2	France	5,113	2.3
14	Australia	3,617	2.0	South Korea	4,349	2.0
15	Brazil	3,442	1.9	Hong Kong	4,305	2.0

Source: KIEI, *Special Report No. 41*, March 1981

Table 3.3
Annual Economic Growth Rates

	1970-1973	1974	1975	1976	1977	1978	1979
SOUTH KOREA	9.4	8.0	7.1	15.1	10.3	11.6	6.4
UNITED STATES	3.5	-0.6	-1.1	5.4	5.5	4.8	3.2
JAPAN	8.1	-1.2	2.4	5.3	5.3	5.1	5.6
TAIWAN	12.6	1.1**	4.2	13.5	9.9	13.9	8.1
BRAZIL	11.9	9.8	5.7	9.0	4.7	6.0	6.4
MEXICO	6.3	5.9	4.1	2.1	3.3	7.3	8.0

Source: KIEI, *Yearbook of International Economic Statistics, 1981*

of the South Korean economy. Strong leadership in the 1970s contributed, directly or indirectly, to rapid growth of the economy. As table 3:3 depicts, South Korea recorded high growth rates in the 1970s; however, it was not long-term growth. Many major industries have watched their profit rate decline since then. Other business industries also have slowed down. Unhealthy industries imply slower growth in the near future and the absence of long-range planning.

For too long, the South Korean government has emphasized the construction of heavy industries. The government also stressed economic development by means of export-oriented industrialization, supported by foreign capital including foreign direct investment as well as loans. This policy invited a return to dependence of the South Korean economy on foreign countries, especially the United States and Japan. By the end of 1980, the total amount of foreign capital transferred in the form of loans amounted to $24 billion, with the United States ranking first among the capital-exporting countries except in the field of foreign direct investment. According to the fifth

five-year social and economic development plan (1982-86), the demand for foreign capital will continue in the several billion US dollars range. This heavy dependence on exports and foreign capital for growth, and on the United States and Japan as principal partners, has made the Korean economy extremely susceptible to external disturbances and has introduced elements of instability and high risk.[10]

Because of its important Japanese trade, Korea has also worked to improve political and diplomatic relations with Japan. But in addition to improving relations with Japan, Korea has been enthusiastically courting the member nations of ASEAN. (Formed in August 1967 by Indonesia, Malaysia, the Philippines, Singapore, and Thailand, ASEAN has been a major vehicle for cooperation among these countries as they seek to promote regional economic, social, cultural, and technological advancement.) Chun toured the region extensively early in his term as president. Since then, the government has been encouraging Korean business ventures throughout the region with great success. As a result, Korean economic investment in Southeast Asia has grown rapidly, giving Korea diplomatic and financial inroads into the one area of Asia with the raw materials necessary to fuel continued economic growth.

Beyond its efforts in Southeast Asia, the Republic of Korea has been actively courting the Third World in competition with North Korea. Chun's recent trip to Africa and South Korea's increased commercial ventures in the Middle East have served to offset North Korean military and diplomatic activities among the less developed nations. The Chun government currently favors a cross-recognition formula, whereby the United States and Japan

Table 3:4
Ratios of Exports and Imports to GNP, 1980

	Export	*Imports*
Belgium	**0.54**	**0.60**
Malaysia	**0.57**	**0.47**
Taiwan	**0.49**	**0.49**
Netherlands	**0.46**	**0.49**
South Korea	**0.30**	**0.39**
Japan	**0.10**	**0.11**
U.S.	**0.08**	**0.10**

Source: KIEI, *Yearbook of International Economic Statistics, 1981*

would recognize North Korea while the Soviet Union and the People's Republic of China would recognize the legitimacy of the Seoul government. North Korea has refused to consider any such scheme, and the proposal has made little progress. South Korea believes that improved relations with the People's Republic of China and the Soviet Union will aid its attempts to break the stalemate in reunification talks between North and South.[11]

All these attempts to form more foreign trade connections are important because, as the comparison of ratios of exports and imports to GNP in table 3:4 indicates, South Korea is heavily dependent on exports and imports for its growth. The ratios for South Korea are lower than those for countries with populations of 10 million or less (Taiwan, Malaysia, Belgium, the Netherlands), but much higher than the ratios for Japan.

Another, and perhaps better, way to determine whether a country is viable internationally is to examine

Table 3.5
Debt Service Ratio, 1979

Mexico	64.1
Brazil	61.1
Algeria	25.6
Egypt	15.8
South Korea	14.0
Turkey	13.9
Indonesia	13.4
India	9.9*
Taiwan	4.2

*1978 figure
Source: KIEI, *Yearbook of International Statistics*, 1981

its debt-service ratio. The debt-service ratio is a key economic tool, easily determined by dividing a country's interest on long-term (more than one year) foreign debt by its export earnings. As table 3:5 shows, although South Korea's ratio of 14 percent is lower than that of other larger debtors, it is still high compared to Taiwan's low ratio of 4.2 percent. Some observers claim South Korea must accept the fact that foreign capital is an inferior substitute for self-reliant efforts to increase productivity. Only through these efforts can the economy attain intensive growth. Economic growth with heavy dependence on foreigners is always fragile. To develop a more mutually satisfying relationship with the United States, South Korea needs more economic independence.

How could dependence be reduced? One way would be for South Korea to relinquish target-oriented economic policy. Poorly selected growth and export targets have resulted in some uneconomical South Korean

investments and poorly invested foreign capital. If the private sector is freed from fulfilling fixed targets, economic efficiency will increase and the requirement for foreign capital will diminish. Another key way is to increase investment in agriculture. History has demonstrated that no country with a sizable population has achieved sustained growth without agricultural development. Agricultural development leads to a decrease in demand for urbanization, a very intensive capital venture.[12]

Despite many of the governmental and economic institutional problems that hamper more effective South Korean economic progress, Koreans remain optimistic about the future of their economy. On the supply side, the demographics are encouraging. During the next decade, South Korea's labor force is expected to grow at about 3 percent a year while the population will grow at a rate of 1.6 percent a year. The differential means the average worker will have fewer dependents, increasing the likelihood of personal savings and presenting the economy with an unprecedented opportunity to finance investment with minimum inflation. South Korea also has a remarkable capacity to absorb high technology from abroad: each generation of the population is better educated than its predecessor.

The country can reasonably assume the continued dynamism of its entrepreneurs in importing new technologies from abroad. In addition, productivity can be increased further by shifting labor out of low productivity agriculture into higher productivity industry; since agriculture still accounts for some 33 percent of total employment, there is considerable room for further labor force shifts. By the early 1990s, agricultural employment

should be reduced to 23 percent of total employment, and industrial employment increased from the current 23 percent to 35 percent. Although the large-scale investments made in modern heavy industries in the latter half of the 1970s caused some imbalances in the economy at first, in time this investment will serve as a strong base for sustained expansion, as domestic demand grows and overseas demand recovers.[13]

The demand side also provides ground for optimism. The current wave of protectionism and the prospect of slow growth among advanced industrial countries does not portend a rapid growth of Korean exports. Yet, because Korea's share of world trade is still small—accounting for only about one percent of total world trade—there is still room for expansion of particular exports without running into serious protectionist resistance. As a matter of policy, Korea has tried to minimize the effects of prctectionist pressures through product and market diversification. Instead of pushing for continued high growth through a sustained expansion of exports, Korea will also rely on what it calls the "second engine of growth." In times of sluggish economic activity abroad, Korea will concentrate more on the domestic market and the expansion of public investment areas such as housing, health care, education, and transportation. This expansion is essential not only for achieving continuous growth, but also for realizing greater social equity. Moreover, the Asia-Pacific region not only is the most dynamic economic region in the world today, but it also will probably remain so for the rest of the century. Korea definitely regards its location at the center of this development as a great advantage.

Finally, one of the most important reasons for optimism regarding the long-term prospects for the Korean

economy is the willingness and commitment of the new government to undertake extensive institutional reforms. The basic objective of the reforms now being undertaken is to make fuller use of the market mechanism and private initiative in order to achieve greater efficiency in resource allocation and equity in distribution. For example, an antimonopoly law has been enacted, and steps are being taken to denationalize the banking system. Additionally, the government will soon open the domestic capital market to foreign investors. Direct foreign investment and imports have already been liberalized. The new policies on equity investment permit foreign participation up to 100 percent in more than fifty industries. Finally, the government is committed to liberalizing imports by 1986 to levels prevailing in other advanced industrial countries.[14]

Both economic freedom and security are vital if South Korea is to have political freedom. Personal liberty, as well as national liberation, was the goal of those early Korean patriots who bravely declared Korean independence in 1919. Their spirit remains alive in Korea and has inspired today's economic planners.

4. NORTH KOREA'S MILITARY POWER

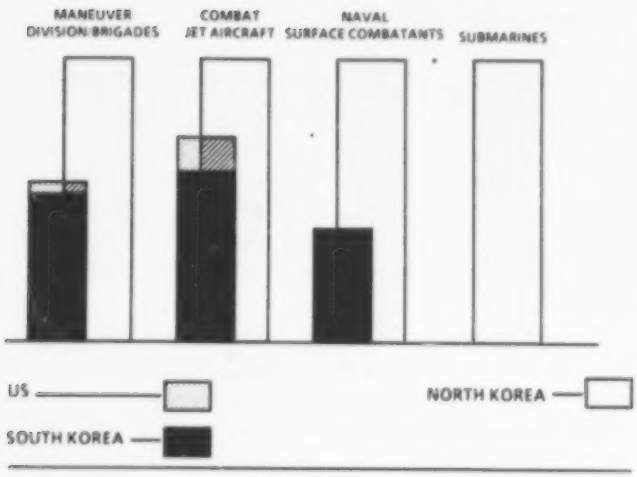
The attempt to reach and maintain a military balance has created an arms race on the Korean peninsula, driving up the costs extremely high for both sides and eating up resources badly needed for economic development. Conscription, for example, pulls valuable manpower away from the farms and factories. North Korea's aggressive spending has created a great North-South imbalance in maneuver brigades, jet aircraft, and submarines, as shown in figure 4:1. Incredibly, during the past decade, South Korea has spent an estimated 6 percent of its gross national product (GNP) on the military—North Korea a staggering 24 percent.

Disturbingly, under the leadership of Kim Il Sung, North Korea is finding alarming ways to express its military stridence. An attempt was made on the life of then ROK President Chun Doo-Hwan in Rangoon, Burma; President Chun was not killed, but four of his principal ministers were. Infiltration by land and sea from the North into the South continues. North Koreans dig tunnels under the demilitarized zone (DMZ) large enough to move infantry regiments through. No one would call the North Koreans' behavior reassuring. Admiral William J.

Crowe, Jr., when he was US Commander-in-Chief, Pacific, confessed that his command put "more everyday effort militarily into defending or preparing to defend that part of the world than . . . any other."[1] And it is important that the United States spend time worrying about the defense of the Republic of Korea. The Democratic People's Republic of Korea (DPRK) has significantly improved its armed forces during the past fifteen years, enough to be of real concern to the US and ROK governments. These improvements, coupled with Kim Il Sung's unpredictability, make for a problem. Chairman Kim is quoted as saying, "The occupation of South Korea by US troops is the main obstacle to our national reunification." Admiral Crowe was thus correct in worrying about Kim Il Sung's "erraticism and about his country's aggressive attitude."

NORTH KOREAN MILITARY SPENDING

Neither China nor the Soviet Union, both sponsors of the DPRK, want a major conflict on the peninsula, but no one is certain that either could restrain the DPRK if Kim got the bit in his teeth and decided to "go for it." Kim is producing some 300 tracked vehicles a year, about equally divided among tanks, armored personnel carriers (APCs), and self-propelled artillery. With a population of 16-19 million people and a per capita income of less than $1,000, the DPRK spends more money per capita on military expenditures than any other country in the world except Israel. North Korea has the third-largest army in the communist world, exceeded only by China and the Soviet Union; it is about the same size as that of Vietnam, a country with three times the population. Kim Il Sung's behavior may be erratic and unpredictable, but his commitment to building a strong military machine has been steady and consistent for fifteen years.[2]



As of 1 January 1985

Source: Office of the Joint Chiefs of Staff, *US Military Posture*, FY 86, p 53

Figure 4:1—Comparison of US/South Korean and North Korean Forces

The DPRK's emphasis on the use of conventional military force to reunify the Korean peninsula stems from a communist party decision in the late 1960s. At that time, North Korea infiltrated a large number of agents into the south and hoped that a major popular uprising would occur, resulting in the overthrow of President Park and his government. In mid-1968, General 'Tic' Bonesteal, then Commander-in-Chief, United Nations Forces, Korea, described in detail the programs that South Korea and the United States were pursuing to counteract the North Korean plan to overthrow the ROK government.

This program worked, forcing the DPRK to change its strategy and to embark on a program to strengthen and reorganize its armed forces.

North Korea's most substantial force increases occurred after Kim Il Sung enunciated a policy of peace and reconciliation with South Korea in 1969. A major industrial expansion to spur economic development was begun at the same time, although its hidden and real purpose was the production of major items of war material. Such is the value of the promises of North Korea's supreme leader.[3]

The "burden of defense" in the north is significant, as depicted by the force balances in table 4:1. Figure 4:2 graphically demonstrates the steady increase of defense spending as a percentage of gross national product by North Korea. South Korea, on the other hand, places a smaller defense burden on its economy, and the benefits to the economy are obvious to any visitor. Asian capitalism reigns, and the evidence of progress is everywhere. South Korea's per capita income now exceeds $2,000, already more than three times that of North Korea, and is rising.

NORTH KOREAN MILITARY STRENGTH

Though the economic balance clearly favors the south, and will continue to do so, what of the military balance? Seoul's proximity to the DMZ makes a forward defense for South Korea even more important than for the Federal Republic of Germany. A modern city of nearly 10 million people and the political, economic, and cultural center of the ROK, Seoul is within range of North Korean Frog missiles and long-range artillery.

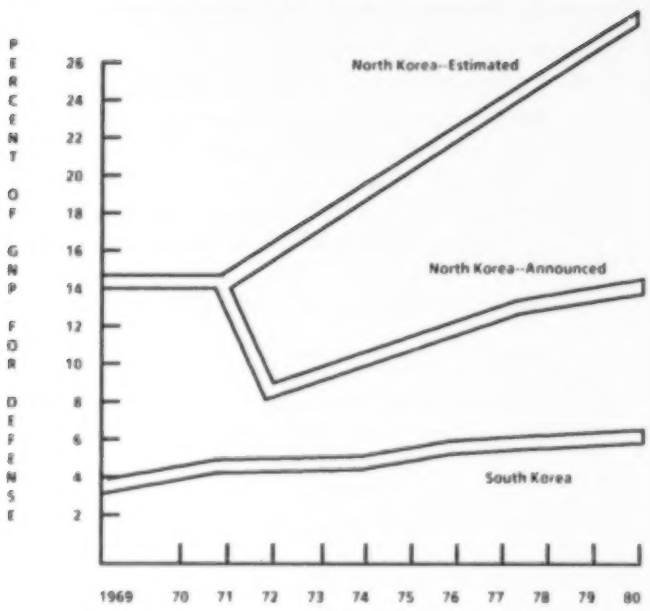
Kim Il Sung's investment in military equipment and organizations has paid off. Excluding US forces in and

Table 4:1
Trends in North and South Korea Force Balance

	1965	1975	1983
Division			
South Korea	20	20	25
North Korea	20	27	40
Special Forces Brigades			
South Korea	2	2	2
North Korea	12	20	25
Tanks			
South Korea	700	800	1,000
North Korea	850	2,000	2,675
Armored Personnel Carriers			
South Korea	110	350	850
North Korea	120	650	1,140
Artillery Tubes			
South Korea	1,540	1,870	2,100
North Korea	2,850	4,000	6,000
Mortars			
South Korea	N/A	N/A	7,410
North Korea	N/A	N/A	10,500
Multiple Rocket Launchers			
South Korea	N/A	N/A	0
North Korea	N/A	N/A	2,850
Air Defense Guns			
South Korea	200	280	300
North Korea	6,100	7,200	8,000
Combat Aircraft			
South Korea	180	225	380
North Korea	425	475	622

Source: The Posture of the Army and Department of the Army Budget Estimates for Fiscal Year 1985

around Korea, North Korea is now the predominant military power of the Korean peninsula, an assessment true for both the quantity and quality of the forces deployed.



Source: Armed Forces Journal International, September 1984

Figure 4:2—Defense Spending as a Percentage of GNP

Only in air power is there still some balance—the ROK has a technological edge sufficient to render the DPRK's slight numerical superiority unimportant. Nevertheless, there are areas for improvement, particularly in air-to-ground ordnance and in the prelaunch survivability of aircraft. The threat of airborne North Korean ranger commandos to US and ROK aircraft is quite serious.

The North also enjoys a qualitative and substantial advantage in tanks. North Korea has advanced from T-54/55 tanks to T-62s, while ROK forces still have about

300 of the outdated M-47 tanks in service. A more vivid impression of the improvements made in the North comes from Table 4:2, which compares the number of ground force personnel in the North Korean and ROK armies and marine corps. The DPRK nearly doubled its army during the 1970s. Corresponding facilities and training areas constructed to house and train these troops must also be impressive.[4]

The "erratic" Kim Il Sung is certainly very steady and consistent when it comes to building, deploying, and training military forces. One way to summarize the military balance is to form ratios of the important categories of equipment for the years 1970 and 1980. The ratios for important military force elements are depicted in figure 4:3. When suppression systems are combined, we see that the North enjoys almost a 3 to 1 advantage in artillery. But the numbers do not disclose the longer range and higher firing rates of the equipment North Korea produces, which follows Soviet designs.

Many other important factors that shape an answer to the question of the military balance in Korea are difficult to quantify. The geography of the Korean peninsula, a north-south mountain chain dividing east from west, makes communication very difficult. Heavy populations near the DMZ in the vicinity of Seoul establish difficult conditions for defense. The military doctrine of the two Koreas imposes a burden because North Korea emphasizes a Soviet-style doctrine of preemption and mechanized warfare, compared to the defensive posture of the ROK. The question of the military equipment and forces deployed by the two countries, of course, remains at the heart of the military situation.[5] There is a widely shared impression that throughout the arms race the North has

Table 4:2
North and South Korea—Comparisons

POPULATION	16,280,000	34,610,000
TOTAL ACTIVE FORCES	512,000	630,000
TOTAL RESERVE FORCES	NOT STATED	1,115,000
ARMY	440,000	560,000
ARMORED DIVISION*	2	0
MOTORIZED (MECHANIZED) DIVISIONS*	3	0
INFANTRY DIVISION*	20	18
INFANTRY BRIGADES	4	2
COMMANDO/AIRBORNE BRIGADES	8	5
TANK BRIGADES/REGIMENTS	5	4½
SAM BRIGADES(BNs)	3(20)	2(8)
TANKS	1,950	840
ARTILLERY PIECES	3,000	2,000
ROCKET LAUNCHERS	1,800	0
MORTARS	9,000	2,700
AA GUNS	2,500**	1,000
SAMs	250	93
NAVY	27,000	20,000
SUBMARINES	13	0
DESTROYERS	0	7
SUBCHASERS/ESCORTS	22	21
MISSILE PATROL BOATS	18	8
GUNBOATS&TORPEDO BOATS	300	40
AMHIBIOUS CRAFT	90	88
MARINES	0	20,000
DIVISIONS	0	1
BRIGADES	0	1
AIR FORCE	45,000	25,000
COMBAT AIRCRAFT	600	204**
AIRLIFT AIRCRAFT	250	44
HELICOPTERS	65	13

*North Korean divisions are modeled after USSR/PRC divisions, and numbered about 10,000 men—about 70 percent of the strength of South Korean divisions, which follow US division organization. However, most of the manpower differences lie in combat support and logistics troops. Actual deployed combat strength in a North Korean division, including weapons, is roughly the same as that of a South Korean division.
**These estimates are believed to be substantially below actual inventories.

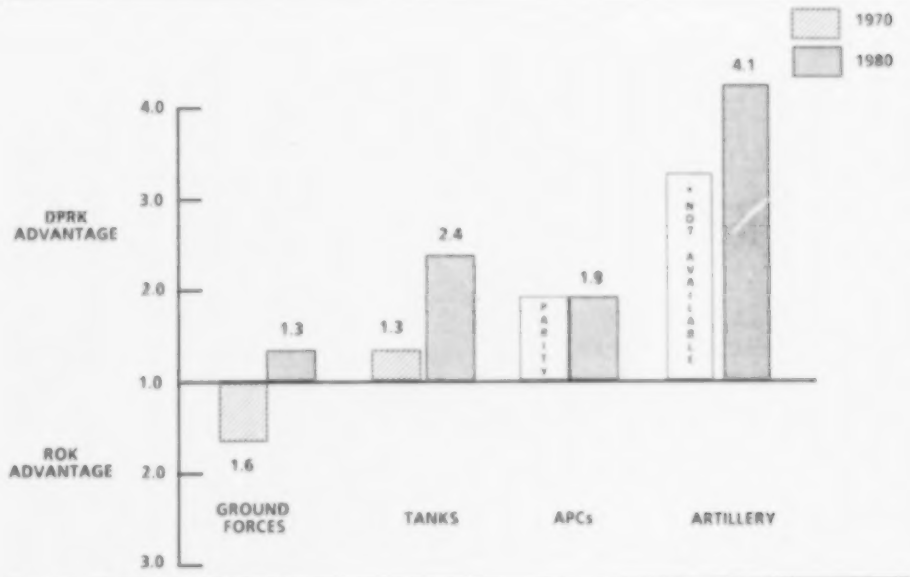
Sources: Congressional Budget Office Report on US Policy Toward Korea; US Forces, Korea, Analysis of the North Korean Threat.

run harder and kept a significant if declining lead. Table 4:2 and figure 4:3 seem to support this impression.

Despite North Korea's military buildup, and in the absence of outside intervention, South Korea has the potential to maintain military stability on the Korean peninsula for a generation. If South Korea should fail to maintain a modernized armed force, its natural advantage may dissipate as a consequence of the willingness of North Korea's allies to modernize their own combat forces. But South Korea's pursuit of full-scale modernization and the US commitment to deter foreign intervention will almost certainly prevent a conflict on the Korean peninsula for many years.[6]

The following facts, though, cannot be overlooked:

- North Korea outguns South Korea in every measurement of military power. The disparity is most significant in artillery (2 to 1), armor (2 1/2 to 1), combat aircraft (2 to 1), and naval combatants (2 to 1).
- Combat forces north of the DMZ are so positioned that they can attack with little or no prior movement.
- The North Korean counterintelligence screen is so effective that a three-dimensional attack could be launched with no more than a few hours' warning.
- The combination of interceptors, guns, missiles, and hardening of targets makes North Korea the toughest air defense environment outside of the Soviet Union.
- An increasing inventory of submarines poses a dangerous threat to a South Korea heavily dependent on sea lines of communication.



*1970 Force Ratio Figures Not Available
Source: Armed Forces Journal International, September 1984

Figure 4:3—Force Ratios for Ground Forces and Equipment

- An indigenous production base, and stockpiling, gives North Korea the capability to sustain an offensive for several months without external support.[7]

One of the major constraints on Kim Il Sung today is the presence of in-country US forces and firepower of all types that would be used in any new Korean conflict. Of course, although the United States is strongly committed to the defense of South Korea, its forces are also deployed and committed to other areas of the world. But a clause in the 1982 Joint Chiefs of Staff Posture Statement should interest the ROK, and the Chinese and Soviets as well. It notes that the United States has several hundred other Air Force, Marine, and carrier-based aircraft in the western Pacific that—the worldwide situation permitting—could be committed to action in Korea.

Kim Il Sung has provided North Korea with the means to consider seriously the unification of the Korean peninsula by military force. What could better help the supreme leader keep his oath to reunite Korea before his death than for US forces to vacate the area and for Congress to withhold or scale down aid or military equipment purchases by the ROK? That almost happened during the Carter administration.[8]

5. MAJOR POWER INTERESTS IN THE KOREAN PENINSULA

In addition to discussing the balance of power and trends within and among the nations of Northeast Asia and the Korean peninsula, it is important as well to discuss the external influences of the four major powers with historical, strategic, or legal interests in Korea. Increased tension among the major powers (the United States, the Soviet Union, China, and Japan) would have many negative consequences for South Korea. Whatever positive consequences might arise would be limited and of a short-term nature. For example, increased tension between the Soviet Union and the United States could conceivably foster stronger security ties between the United States and Japan, and between both the United States and Japan on the one hand and China on the other. But the more important consequences of such major power tensions would tend to be negative and long term in nature. For example, an accelerated arms race between South and North Korea which would result in each country becoming more fearful of the other.[1]

North Korea, more than the major powers, holds the key to future developments on the peninsula. The major powers are essentially stalemated. Certainly, the Soviet Union and China are more comfortable with the status

quo than either of them would be with any foreseeable change. In particular, as long as both the Soviet Union and China fear a move that might drive North Korea closer to the other, both the Soviets and the Chinese will believe their maneuverability is limited.

The Soviet Union's worst fear is that the United States, in collaboration with China and Japan, is in the process of trying to "lure" or "buy" North Korea into its camp. The Soviets believe that this is already a policy goal of the United States and that China may be willing to collaborate because it fears that North Korea might become another "Vietnam." In this scenario, the Soviet Union might try to take advantage of the forthcoming succession struggle in the North to bring the country more actively into its camp. The overwhelming Chinese interest in North Korea is to keep it from being dominated by the Soviet Union. Thus, in this view, while China itself is preoccupied with a modernization process of its own, its best hope is to encourage North Korea to improve ties with the West. The United States' worst fear is a North Korean invasion of the South, requiring deployment of US troops and producing all the domestic consequences—political, economic, and human—of renewed war.[2]

CHINESE INTERESTS

The interest of the People's Republic of China in the Korean peninsula predates even the Japanese interest. In the twentieth century, Japanese use of the Korean peninsula to invade China is still a vivid Chinese memory. North Korea serves as a buffer state for the PRC in much the same way that South Korea serves as a buffer for Japan. The proximity of North Korea to Manchuria, one of China's industrial centers, gives added importance for the Chinese to maintain a friendly government in North

Korea if not in the entire peninsula. While the Chinese publicly and ideologically support the North Korean desire to unify the peninsula, the memory of severe losses in the 1950 to 1953 Korean War, coupled with the current Soviet threat, makes the maintenance of peace on the peninsula the first desire of the Chinese leadership.[3] In their maintenance plan, the Chinese have a special role for the United States to play. As two political observers summarized nearly a decade ago:

> China regards the United States as a superpower in competition with the USSR for world domination . . . . The Chinese also oppose a precipitous US withdrawal from the Pacific area, fearing that it would invite increased Soviet intervention. The Chinese have expressed support for the US-Japan Security Treaty, and generally endorse the North Korean position, although they have advised against North Korean military action in South Korea. In essence, China hopes that US power and influence will balance Soviet power and influence in the Pacific area.[4]

Without a doubt, a US presence in South Korea does affect North Korean decisions. Its presence means that the North probably would have to seek either Chinese or Soviet support for a military invasion of the South. The US presence, therefore, ensures that the PRC will have knowledge of and some influence over any North Korean decision to invade South Korea.

The conclusion is that, even while supporting the North Korean position publicly, the Chinese want the North Korean objectives to come about through peaceful means only. In this sense, the deterrence value of a US presence on the peninsula is desirable in the Chinese view, even if that view is not publicly expressed.

SOVIET INTERESTS

During the nineteenth century, expansion by Imperial Russia at the expense of the Chinese resulted in a short common border between Russia and Korea. Then the Russo-Japanese War of 1904–1905 impressed upon the Russians the importance of the peninsula. These historical legacies, coupled with the Russian desire for access to warm water ports, produced the quick Soviet move at the close of World War II to establish a friendly North Korean government. Currently, North Korea serves as a buffer state between the Soviet Union and Japan, just as it does between China and Japan. But more importantly, perhaps, the Soviet Union recognizes the strategic impact of the Korean peninsula on movement of the Soviet navy.

Although unifying the entire peninsula under a friendly government interests the USSR, the Soviets recognize that if military means were used to achieve that end, the associated repercussions could outweigh the advantages of the military action. Disadvantages include a possible superpower confrontation between the United States and the USSR, a deterioration of relations with Japan, and greater tensions between the USSR and China. A North Korean invasion of the South overtly backed by the USSR could create a unified front of powers—including Japan, China, and the United States—to counter the Soviets, a far greater danger to the USSR than the status quo.

One argument against a US presence in Korea involves the chance of a Soviet-encouraged North Korean attack to draw off US forces from other areas of the world, thereby creating an opportunity for the Soviets to use

their military forces in another arena such as NATO Europe. Some have argued that the US forces currently in Korea should be withdrawn and added to the strategic reserve. The problem with removing US forces based on that argument is one of timely decisions and strategic mobility. Even if US forces withdrew, a successful North Korean invasion of the South still would force the United States to decide whether or not to commit troops. If its troops were committed, the same problem—a possible opening for the Soviets in another part of the world—would exist. The second problem is that the United States lacks the air assets to move combat forces from the United States in a timely manner. Former Secretary of Defense Brown has stated that "deterrence requires locally ready forces, US forces present in a troubled area, and US forces that could be moved quickly into any trouble spot." According to Secretary Brown, the United States need not have the capability to defeat all initial enemy moves, but does need the personnel, mobility, and firepower to preclude adversaries from reaching vital points.[5] One of these vital points is South Korea.

The conclusion regarding Soviet interest in Korea is therefore much the same as that concerning Chinese interests, but for different reasons. Ralph Clough, a respected authority on Northeast Asia, comments, "The USSR would appear to share with China, the United States, and Japan an interest in avoiding being drawn into war over Korea."[6] Going further, Claude A. Buss of the Hoover Institute has written, "Although the USSR openly supports the DPRK's insistence on complete withdrawal of American ground forces as a precondition for peace, like the PRC it has quietly signaled that it views the American presence in the ROK as a regional stabilizing

force."[7] Therefore, while publicly backing North Korean positions, the USSR can be expected either to work to maintain the current situation or to press for peaceful progress toward reunification on Soviet terms. Right now, to maintain regional stability, the USSR probably welcomes the maintenance of US forces in the region. Absence of a credible US presence in South Korea would significantly weaken Moscow's influence over Kim Il Sung. As long as North Korea has to consider a US combat presence, Kim will also have to acknowledge that he would probably need extensive military assistance from either the USSR or the PRC. The USSR thus would have some leverage should Kim consider a military option.

A common element to all of these "worst case" scenarios is a change in the status quo. No major power wants war on the Korean peninsula; nor does any major power want the instability that would allow another major power to take advantage of such a situation. The Soviet Union has long shown its opposition to provocative, unilateral actions by North Korea (witness the relatively restrained Soviet reaction to the seizure of the US intelligence ship, the *Pueblo*, in 1968; the shooting down of a US EC-121 intelligence reconnaissance plane in 1969; and the axe-murders of two US Army lieutenants in the demilitarized zone near Panmunjom in 1976). Presumably for similar reasons, the Soviets have not provided North Korea with state-of-the-art aircraft. Overall, the Soviet Union has been cautious and prudent in its dealings with North Korea.

The key to the situation, therefore, lies with North Korea itself. President Kim Il Sung knows that if he resumes talks with the South, both the Soviet Union and China

might recognize South Korea in exchange for US and Japanese recognition of North Korea. In other words, reopening formal talks with the South, similar to those that were held from 1971 to 1973, might lead directly to the very situation that President Kim has long sought to avoid— namely, de facto recognition of "two Koreas." Given that the opening of talks in the early 1970s did not lead to a pro-North Korea revolution in the South, and given President Kim's long-time ambition to dominate the entire peninsula, his concern about possible cross-recognition will deter his recognition of the South. For these reasons, it's unlikely that the status quo division of the peninsula will change in the foreseeable future.[8]

What, then, are the prospects for North-South accommodation today? On one side, none of the major powers wants to see a new Korean war. Moreover, the Reagan administration has left little doubt that it intends to honor the US commitment to defend South Korea, whose international prestige is growing rapidly, especially because of the successful 1988 Olympic Games in Seoul. These factors tend to favor accommodation. So long as North Korea's revolutionary aims are unattainable, accommodation is probably the more advantageous course for North Korea to take. On the other side of the ledger, President Kim Il Sung remains a revolutionary, determined to unify Korea on his terms. For Kim, unification and a communist "People's Revolution" in South Korea go hand in hand. There is little reason to believe that North Korea will mellow after the death of President Kim. In a country as small and easily controlled as North Korea, a Stalinist system should last for many years. For these reasons, domestic conditions within North Korea are the most critical variables affecting the prospects for North-South accommodation.[9]

THE JAPANESE OUTLOOK

Although the origins of a divided Korea reflect a power struggle among the major powers, the eventual unification of Korea is a matter that can only be decided by both. Moreover, given the differences between the political systems that have evolved in North and South Korea over the years, unification in the immediate future is not feasible. The free nations of the world therefore should try, in their own long-term interests, to maintain and enhance the relative strength of the South over the North— politically, economically, and militarily—with the aim of forestalling any attempt by the North to unify the peninsula through force or on its own terms in some other way.

For Japan, strong and cooperative relations with South Korea are a key element in its foreign policy. It is also important for Japan that South Korea and the United States remain on good terms. For a number of historical reasons, relations between Japan and South Korea are prone to friction and misunderstanding, and economic relations between the two countries are becoming increasingly tense. Japan must try to understand the South Korean perspective better, just as Korea needs to understand the Japanese perspective better.

The Japanese interest in the Korean peninsula has a historical and a modern base. Militarily, the peninsula has served both as a Japanese invasion route into Asia and as an avenue for hostile armies to attack Japan. During World War II, the Japanese used the Korean people as a labor source and exploited the natural resources of the area now controlled by North Korea. Currently, the peninsula is of both military and economic interest to Japan.

Japan, the undisputed economic leader of all East Asia, is probably the most crucial US ally in the region. Its overwhelming economic strength coupled with a professional ground self-defense force give Japan an immense latent military potential. This potential, rather than actual military power, makes the Japanese view essential to any Northeast Asian discussion.

The Japanese view South Korea as a geographic buffer area, while the United States provides a nuclear umbrella and a security guarantee through the 23 June 1960 Treaty of Mutual Cooperation and Security between the United States and Japan. Any change in these two pillars upon which Japanese security rests would require the Japanese to reevaluate their international posture. As one Japanese official succinctly put it over a decade ago, "US forces should remain in the Republic of Korea as long as the ROK government thinks that danger of a DPRK attack exists."[10] He reasoned that if a DPRK takeover of South Korea did occur, the Soviet Union would derive naval access advantages, Japan would face increased security problems, and a massive refugee problem would result.[11] The problems he foresaw are still possibilities, and they could very well result in Japanese accommodation with the PRC or the USSR should Japan believe that US resolve to ensure the sovereignty of South Korea had weakened. The result of any such accommodation by the Japanese could only be contrary to the interests of the United States.

The Japanese also have a strong economic interest in South Korea. A large amount of Japanese investment money underwrites development and industry in South Korea. In addition, South Korea provides a flourishing export market for Japanese products and technology.

Aside from direct economic ties with South Korea, economic issues within Japan depend to a degree on the Korean situation. Japanese leaders, responding to US calls for Japan to shoulder more of its own defense burden, have attempted gradually to increase their defensive capabilities, though not to the extent advocated by the United States. However, Japanese leaders would have an extremely difficult time selling their people on defense spending increases if the United States was concurrently reducing its military contribution to the collective defense of Northeast Asia.

The obvious conclusion is that the Japanese would view a change in the US commitment to the Republic of Korea in a negative light. To the Japanese, a decline or alteration of US interests would appear to lessen the US commitment at the same time that that government is requesting increased military spending and economic sacrifices from Japan. Such an action could cause them to reexamine their close relationship to the United States, to be less responsive to its desires, to broaden their international position beyond a totally pro-Western stance, and possibly to begin a process of accommodation with the communist powers in Northeast Asia. None of these possibilities favors US national interests.

THE KOREAN PENINSULA'S FUTURE

Given these major external influences on, and interests in, the Korean peninsula, what are the likely future directions for it? Of particular importance are the chances of, and US attitude towards, unification. Unquestionably, the United States supports the long-term objective of unification. Yet it will not support this objective at the price of confrontation with China or the Soviet Union. So there is little reason to expect a change in the

status quo in the short term. Unification is best seen as only for the future. Meanwhile, both the United States and South Korea should design more limited mutual objectives that serve not only the interests of the outside powers but also the interests of South Korea.

These more limited objectives also fit into a framework of general goals that the United States, Japan, and South Korea are likely to want to pursue in any case. One of these is some further acceptance of the status quo on the peninsula, at least to the degree that would expand communication between South and North Korea. A second important goal is reduction of tension. The demilitarized zone remains closely watched, the current level of tension between North and South Korea requiring a high degree of readiness on both sides. Thus the danger of accidental escalation of a small incident into a larger conflict remains acute. Finally, South Korea should demonstrate a willingness to work on marginal issues, remaining flexible with regard to small, specific measures that might be helpful in the short term without giving away much in substance.

One feature of the Korean situation that should certainly be maintained is the US military presence. For vastly different reasons, Japan, the PRC, and the USSR all currently desire a credible US presence in South Korea. These three powers, along with the United States, though their purposes differ, share a desire to avoid a major military confrontation in the Northeast Asian region.

The final objectives of the major powers are, however, in opposition. All want the presence of a friendly Korean government on the peninsula. Although a source of continued tension, a divided Korea has in essence

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served the interests of the major powers since 1953 while avoiding the necessity of a major power conflict. In that regard, a credible US presence in South Korea serves to promote the status quo, which is currently in the interests of all the major powers.

If we believe that no significant change will affect the regional balance of power in the near future, then we can assume that the United States and Japan will continue to cooperate to maintain regional security, that Japan will not go nuclear, that neither China nor the Soviet Union will secure an overwhelming influence on North Korea, and that none of these four nations wants to see another war on the peninsula. South Korea's economy should remain one of the most rapidly developing in the world. And there is always the possibility that if South Korea were to demonstrate successfully that it had no intention of conquering or otherwise trying to absorb North Korea, the latter would accept the idea of genuine peaceful coexistence with the South. At the very least, despite instability that does exist in international relations generally, there is little reason to believe that a disaster is imminent on the Korean peninsula.

6. US INTERESTS AND OPTIONS IN SOUTH KOREA

The US presence in South Korea has historically served to deter North Korean attack on the South, and Chinese intervention on the side of the North Koreans. By 1971, US analysts considered the South Korean military strong enough to bear the principal North Korean attack and saw US forces as a deterrent to Chinese intervention.[1] Testifying at congressional hearings in 1974, former Secretary of Defense Schlesinger stated that the purpose of US forces in Korea was primarily political, much more "to serve as a symbol of America's continued interest in the overall stability of that part of the world during a period of some tension," than to deal with a possible Chinese-supported North Korean attack.[2]

CARTER ADMINISTRATION KOREAN POLICY

President Carter's election in 1976 led to a changed US posture. He felt that a phasing out of US ground combat forces was feasible if coupled with a corresponding upgrade of South Korean forces and increased US air support. Carter's actions reinforced the Nixon Doctrine with which the United States had entered the 1970s. Nixon felt that friendly Asian states must bear a greater burden of their own self defense.[3] Carter's decision,

however, was made without two key elements of knowledge: information on the true extent of the North Korean military buildup and a clear understanding of the Army's ability, as a ground force presence on the Korean peninsula, to counter Soviet influence in Northeast Asia and worldwide.

In 1979, the Carter administration began to recognize the problem, and in February of that year the troop withdrawals were halted to allow time to study the situation. Then, on 20 July 1979, President Carter announced that the withdrawal of ground combat elements would not be resumed—that the size of the North Korean military had been underestimated and that the Soviet military power in East Asia had increased significantly.[4] The incoming Reagan administration confirmed this and clearly stated its interest in East Asia. Secretary of Defense Weinberger's *Annual Report to the Congress* for fiscal year 1983 stated, "East Asia and the Pacific form, for the United States, its western security region and, for the USSR, a separate theater of war with many contrasts to the military confrontation in Europe. In this large region, the interests and capabilities of four great powers converge."[5] The United States has chosen to provide for national security from a forward position in East Asia.[6]

MUTUAL US AND ROK INTERESTS

Geographically, this policy makes sense. There is little question that the Soviet Union presents the principal threat to US security. The presence of a friendly nation on the Korean peninsula could be a distinct asset to the United States in terms of an ability to monitor Soviet activities in East Asia and the Pacific Ocean. The Korean peninsula dominates the Yellow Sea, the East China Sea, and the Korea Strait. When combined with domination of

La Perouse Strait by the Japanese Islands, the Soviet naval forces operating out of Vladivostok are essentially under constant observation. Further, should hostilities erupt between the United States and the Soviet Union, control of these naval chokepoints and domination of adjacent sea areas would give the United States a significant naval tactical advantage.[7]

If ensuring the presence of a friendly nation on the Korean peninsula is an essential counter to the Soviet threat and, therefore, represents a vital interest in terms of providing for national survival should a US-Soviet conflict erupt, then a case can be made for a US ground combat presence on the peninsula. If the peninsula is of strategic value in the event of a US-Soviet confrontation, we must recognize that US ground combat forces could not reach the peninsula nearly as fast as could Soviet forces. Prepositioned US ground combat forces act as a clear sign of commitment and provide a lodgement into which other forces can be inserted. That these forces also demonstrate US commitment to America's Asian allies and may deter North Korean aggression are added pluses. Beyond these reasons, other US goals exist which affect policy in Northeast Asia.

Besides aiming toward the principal goal of national survival, US policy for Northeast Asia hopes to deter conflicts that could detrimentally affect the United States, prevent dominant influence in the region by an unfriendly country, contain any conflict that should occur and secure an outcome favorable to the United States, control sea lines of communications, and prevent the spread of nuclear weapons among Asian countries.[8]

Interests which contribute to the stated goals fall roughly into three categories: military, political, and economic. The military interests revolve around a forward

defense concept which, under the Nixon Doctrine, has evolved into a defense load-sharing partnership with friendly Asian nations through a series of bilateral and some multinational treaties. The Nixon Doctrine specifically stated:

> First, the United States will keep all of its treaty commitments . . . . Second, we shall provide a shield if a nuclear power threatens the freedom of a nation allied with us, or of a nation whose survival we consider vital to our security . . . . Third, in cases involving other types of aggression we shall furnish military and economic assistance when requested in accordance with our treaty commitments. But we shall look to the nation directly threatened to assume the primary responsibilities for providing the manpower for its defense.[9]

Looking at Japan and South Korea in the broad context, US political interests seek to maintain relations with Asian allies that will express the sincerity of our commitment to them and ensure that they remain friendly to the United States. Economic interests stem from the fact that "twenty-five percent of all US foreign commerce involves West Pacific countries."[10] The largest participant by far is Japan, with South Korea also being an excellent trading partner.

Understanding the basic US goals and interests lays the foundation for examining whether a US military presence in South Korea contributes to them. With troops on the ground in Korea, the United States can swiftly counter any Soviet threat. In addition, if the United States is to count on assistance from friendly nations, each must be sure that commitments to mutual defense will be honored. The US withdrawal from Vietnam

"caused some US allies to have doubts about the reliability of the United States if they should face a military threat."[11] So it appears that justification for US military presence in Korea may exist in terms of both militarily countering the Soviet threat and maintaining the confidence of US allies.

US economic interests are closely tied to its military and political interests. The United States trades heavily with Japan and South Korea. Our economic ties to Japan in particular have a large effect on internal US economic conditions. There is no question that affairs on the Korean peninsula are of vital interest to Japan. Weakening of the US commitment to South Korea could very well cause the Japanese to reevaluate their close ties to the United States, altering, perhaps for the worse, US military, political, and economic interests.

The final source of justification for a US interest in South Korea is based on international consideration. Specifically, do the South Koreans desire a US military presence in their country? The answer to this question is, emphatically, yes! During the planning and execution of the initial ground combat withdrawals in the late 1970s, the South Korean government repeatedly pressed President Carter to reverse his decision. The South Korean government wants US combat forces to "remain to help offset North Korean forces and to guarantee automatic US involvement if the Communists should launch another attack."[12]

Other options have been proposed as courses of action for the United States concerning South Korea. One of these is total disengagement. Considering the complete lack of credibility for the United States that would result among Asian allies and the resulting loss of

trade, base rights, and other assets, I consider this course of action completely infeasible. Another course of action involves the United States working actively toward a reunification of the peninsula that the PRC, the USSR, Japan, and both Koreas can accept. However, the current attitude of North Korea makes this course of action unlikely at present.[13]

Although the US military force might not be large enough as currently configured to ensure defeat of a North Korean attack, its presence is certainly politically potent in terms of deterrence. Moreover, US troop presence makes a clear statement to the North Koreans of its commitment to support a force already in place.

REAGAN ADMINISTRATION KOREAN POLICY

President Reagan's decision to invite then South Korean President Chun Doo Hwan to Washington in February 1981 had an element of risk as well as opportunity. The negotiations leading to Chun's trip, which carefully bypassed the State Department and regular diplomatic channels, were conducted for almost two months before President Reagan announced the visit, quite dramatically, on his inauguration in 1981. Premature disclosure could have had embarrassing consequences for the president-elect. He was also placing his honeymoon with the Congress and the public on the line, considering the possibility that domestic political developments might stall in Korea or that President Chun might encounter a hostile reception in the United States. Above all, Reagan had to have faith that the issue concerning Kim Dae Jung (a leading political dissident who nearly defeated Park Chung Hee for the presidency of South Korea in 1972, was later exiled, and returned to Korea in early 1985) would be resolved in a satisfactory way, and that

Reagan would get the credit for it. Reagan and his advisers knew President Chun's Washington visit would take place before election of a South Korean president for a seven-year term under the newly adopted constitution, thereby enhancing Chun's chance for election.

By his decision to invite Chun to Washington, Reagan accomplished what his predecessor, with protests and warnings, could not accomplish. He gave the South Korean government assurance of support and thus a greater degree of self-confidence and a sense of autonomy. He succeeded also in making that government more flexible. Furthermore, Reagan put the world on notice that his administration intended to practice what he had been preaching—reemphasizing the fundamental role of security and loyalty in the US-ROK relationship.

Reagan's basic strategic objective in Asia was to end what he considered a decade of retreat and vacillation by the United States. To check Soviet expansionism in the region and restore American leadership, he hoped to increase understanding of the threat among US friends in the region. South Korea was to be a key element in the plan. Thus, he made no secret of the fact that the US military posture in Asia in general and in South Korea in particular would be strengthened, and that the United States would not be niggardly in supporting a South Korean force improvement program. Particularly gratifying to South Korean leaders was the fact that, for Reagan and his aides, the cold war had not yet faded away. They also believed that Reagan recognized the strategic value of the Korean peninsula for its own sake rather than as an outpost for the defense of Japan, an impression often conveyed by the policies of previous US administrations.

The Chun-Reagan meeting, which took place at the White House on 2 February 1981, confirmed America's defense commitment to South Korea. In a joint communique President Reagan assured Korea that the United States had no plans to withdraw US ground combat forces from the Korean peninsula. He also confirmed that the United States would sell South Korea appropriate weapons systems and defense industry technology necessary for enhancing its capabilities to deter aggression. Evidence of closer ties between South Korea and the United States emerged in the ensuing months in a number of areas. First of all, the United States expanded its security support for South Korea by augmenting US forces stationed there and by actively assisting Korea with military modernization programs. Secretary of Defense Caspar Weinberger had already confirmed in late April 1981, at the US-ROK security consultative meeting held in San Francisco, that the United States nuclear umbrella would continue to provide additional security to the Republic of Korea. The joint statement of the defense ministers of the two countries issued at the end of the San Francisco meeting contained probably the strongest expression of the US security commitment to Korea made in almost fifteen years.

Equally significant, the United States gave assurances that it would provide a wide range of support, including the sale of appropriate sophisticated technology and equipment, and improved Foreign Military Sales credits for the enhancement of the Republic of Korea defense. Confirming this new course, in late 1981 the US Congress approved the sale of thirty-six F-16 fighters to Korea. In addition, the United States began to ship F-5 jet fighter parts to Korea for local manufacturing and transferred a 4,500-ton destroyer to the waters off Korea.

The Reagan policy concerning arms sales to South Korea was obviously intended to demonstrate its support for the Chun government and to give notice to North Korea and the Soviet Union that the United States was firm in its commitment to South Korean security. At the same time, it was intended to put pressure on Japan and other allies of the United States to do more for regional defense. Needless to say, this policy pleased South Korea. It did not, however, receive the same reception in Tokyo.

Though recognizing the increasing Soviet military threat in Northeast Asia and the need to counterbalance the Soviet military buildup, Japan has not wholeheartedly endorsed US policies intended to strengthen regional security in general and South Korean security in particular. This reluctance is caused, in large part, by domestic political factors, but it also reflects the Japanese government's concern that a rapid and open military buildup in and around South Korea might provoke the Soviet Union and North Korea into taking countermeasures that might in turn trigger a new round of arms escalation in the area.

Unable to affect US policy directly, Japan's immediate concern is how to cope with the Reagan administration's demand for a greater Japanese contribution to the security of Northeast Asia. The Reagan administration has reminded top Japanese officials of the vital nature of Korea for the security of Asia. The United States has also pressed Japan to substantially reinforce its naval and air forces and to provide assurances of rear area support in the event of a war in Korea.

The new US stance emboldened the South Korean government to seek a major Japanese contribution to Korea's fifth five-year development program. The central

Korean argument to support the request—which initially called for $6 billion in official loans and Export-Import Bank credits—is that Korea's defense efforts directly contribute to Japanese security and that, as long as Japan is not in a position to do more itself in military defense, it should at least contribute to Korea's economic development. Although Japan was unwilling to provide as much aid as the Korean government desired, Japan did agree to provide $4 billion. Driving Japan's positive attitude is concern not only about its relations with Korea but also, to a smaller extent, its relations with the United States.

Strengthened ties with the United States have also had a significant bearing on Korean relationships with other countries. Somewhat ironically, the United States, by maintaining a close and cooperative relationship with South Korea, has enabled that country to expand and diversify its diplomatic activities. South Korean foreign diplomats became increasingly active after the Reagan administration took office, indicating the crucial nature of South Korea's relationship with the United States.

In the economic arena, the Reagan administration also signaled that it was more sympathetic to South Korean interests than had been the previous administration. Gone was the infrequent but irritating practice of directing US representatives at international financial organizations, such as the World Bank and the Asian Development Bank, to abstain in votes on Korean projects to show US displeasure over Korean political developments. In addition, the US administration no longer objected to the termination of quotas on shoe products from Korea and Taiwan and also increased the Korean quota of fishing in US waters.

As a friend and ally of the Republic of Korea, the United States can take a measure of pride in Korean achievements, and satisfaction in the benefits those have brought to America. Korea's military strength serves the US interest in the maintenance of peace and stability in Northeast Asia just as it serves its own need for security. Korea's commitment to defense is buttressed by a remarkable willingness to bear the substantial costs of defense. Economic development has transformed Korea from an aid recipient to one of the United States' largest trading partners, and it has become an increasingly active participant in international diplomacy. More often than not its positions on issues far removed from Korea are similar to US positions. That is because Korea's interests in an open international economic system and a stable and nonviolent political order also coincide fundamentally with US interests.

The South Korea of today is strikingly different from the one of thirty, ten, or even five years ago, and the transformation has been as positive as it has been dramatic. As South Korea has changed, so has the US-ROK relationship. The facts of this relationship are, I believe, still inadequately known to the American people, although the 1988 Summer Olympics in Seoul did help Americans appreciate the nature of South Korea today, and our ties with that country.

We often discuss the areas of conflict between our system of government and the communist systems in terms of sports, with nicely chosen sides and rules to be observed on all sides. We speak in terms of counters and scores and victories and losses. In all of this, we are accurately reflecting the real ongoing contest, but we run a risk of trivializing the importance of the conflict. The truth

is that the conflict is a mortal one, with mortal stakes on each side. It is a conflict in which the force of arms is only one technique employed, and by no means the most important one. I, personally, support the present government in South Korea, without excusing its faults. From the point of view of US foreign policy, Americans cannot expect every nation to be like their own. Allies share fundamental beliefs. Clearly, South Korea is politically, economically, and philosophically a US ally.

Without question, South Korea is important to the stability of the international situation. The United States must be prepared to defend it against communist aggression, whether overt or covert. In this effort, the US government must educate the American people and leaders to the nature of the threat and the seriousness of the stakes of the game. We cannot afford another surprise such as the June 1950 invasion of South Korea. The future of the free world depends on our standing firm.

This review of US policy toward Korea during the past several years should not convey the impression that there are no remaining or new problems in these relations. It is quite possible that officials of both countries have become overconfident and complacent about bilateral relations because of recent successes in improving them. Korean officials in particular tend to construe wishful thinking as reality for both psychological and political reasons. But the reality is not as trouble-free as one might wish it to be. Conflict of interest in the economic sphere, particularly in connection with trade restrictions, will remain and probably grow. South Korean economic activities in other continents will not always coincide with US diplomatic objectives. The Republic of Korea will continue to be sensitive to foreign meddling in its domestic

affairs. Thus, sources of potential conflict and tension remain despite the appearance of drastic improvement in the US-South Korean relationship under the Reagan administration. On the whole, however, this alliance is thriving, at least for the time being.

A COURSE FOR THE FUTURE

The record of South Korean-US relations since the end of World War II indicates that there are elements of both change and continuity in the nature of this bilateral relationship. Friendly ties and a strongly felt sense of common interests have survived changes of governments in both countries and power realignments in world and regional relations. Through the entire lifespan of the Republic of Korea, security concerns have been central to its foreign policy and particularly to US-South Korean relations. Only the United States has been able and willing to provide that country with the assistance necessary for its security and defense. Furthermore, though an economic power today, South Korea desperately needed US help for its economic sustenance and development at least through 1960. Hence, the United States has loomed so large in South Korea's overall foreign relations that they had little reason to give serious attention to other regions or countries until recently. Although the United States still does play a central role in South Korea's security, and will continue to do so for the foreseeable future, changes in international and national conditions require the Republic of Korea to break away from its foreign policy preoccupation with the United States.

The most important change in international conditions has been a realignment among the major powers in East Asia, resulting from the development of relations

between the People's Republic of China, on the one hand, and the United States and Japan, on the other. This development has given South Korea an opportunity to seek official contacts with the PRC and fostered the expectation that China might succeed in persuading the North Korean government to accept a formula under which the two Koreas can be cross-recognized by the major powers. The Soviet Union, South Korea hopes, will attempt to counter the PRC's anti-Soviet encirclement campaign in Asia by stretching a conciliatory hand to the Republic of Korea. The mere process of working toward the stabilization of the Korean situation has given South Korea an opportunity to broaden its international perspective and its arena of activity and involvement.

Another important change has been South Korea's rapid and remarkable economic growth and expansion, which has compelled it to look far beyond the United States and Japan for economic exchange and cooperation. It has now expanded its horizons to the Middle East, Southeast Asia, Western Europe, South America, and Africa. In those places, South Korea seeks export markets for merchandise and manpower, investment sources and opportunities, and resources for industrial use and consumption. It has also sought opportunities for economic exchange with the Soviet Union and the People's Republic of China. South Korea's economic expansion, coupled with the diversification of international economic activities, is bound to contribute to reducing its formerly heavy economic dependence upon the United States.

A third change can be seen in the growth of self-confidence and assertiveness among the South Korean people in general and its officials in particular. Obviously,

one major source of this confidence is its rapidly expanding economy. At the same time, the ROK leaders recognize that South Korea will ultimately have to bear the primary burden of defending itself against the North Korean military threat and securing the capability to deter an armed invasion. The anxiety South Korean officials felt during the early years of the Carter administration gave rise to the realization that US-ROK relations are too heavily dependent upon a particular US administration that happens to be in power at a given time and that South Korea should be prepared for the contingency that this security assistance might not be as forthcoming as it has been.

To say that there has been a change in the nature of the South Korean-US alliance, however, is not to mean either that the continued validity of the alliance is being questioned or that the relationship between the two countries will develop into one of near symmetry. South Korea will continue to require US arms, air and naval support, and intelligence and strategic assistance. A substantial portion of South Korea's trade will continue to be carried out with the United States, and it will remain a strategically important area in the overall US military posture in Asia and the Pacific. South Korea is also emerging as a major market for US commercial goods and arms exports. This relationship is not likely to change radically or fundamentally in the near future. The changes that have taken place, and which are likely to take place, are more in the nature of adjustments— albeit significant ones—made within the alliance framework in response to changes in the world situation and in the domestic conditions of each of the partners.

South Korea is a major market for US companies, including defense contractors, as well as an area uniquely

bound up with the United States for historical and cultural reasons. America has as much to lose as South Korea from a weakening of these ties, and thus the task is to work together to sustain a unique partnership. The economic resources of the US-ROK alliance, and the willingness of our people to make sacrifices at a time of economic stringency, are considerable, but they are not limitless. We must do more to make the best possible use of the resources devoted to defense. We must coordinate our planning so that investments in one area balance properly with those in other areas, and we need to be clear about our priorities. We also need the best that modern technology can offer at a price we can afford.

The United States has a great stake in the future of Northeast Asia, specifically in the Republic of Korea. The forces we have maintained there have kept the peace and have helped to stimulate the economy of this very critical area. Every bit of the effort required to stay the course is effort well spent.

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15. In word and action, the Reagan administration has greatly enhanced the credibility of the US commitment. The Republican Party Platform included an affirmation of the US defense commitment. Secretary of Defense Caspar W. Weinberger has restated the following: "The United States would render prompt and effective assistance to repel aggression against the Republic of Korea."

The United States government has indeed bolstered US forces in South Korea by improving their weapons systems. It replaced old F-4s with F-16s, deployed one squadron of A-10s, introduced new antiaircraft missiles (the Stinger), and added the battleship *New Jersey* to its Western Pacific Fleet. See also "Korea and World Affairs," a Quarterly Review, Vol. 8, No. 1, Spring 1984, p. 33.

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